

JPRS 84167

22 August 1983

East Europe Report

ECONOMIC AND INDUSTRIAL AFFAIRS

No. 2439

FBIS

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ALBANIA

PRESENT STATUS OF ECONOMY, PLANS FOR FUTURE

The Hague INTERNATIONALE SPECTATOR in Dutch Jul 83 pp 450-455

[Article by Michael J. Ellman, professor of economics at the University of Amsterdam: "The Albanian Economy Today and Tomorrow"]

[Text] Dr M.J. Ellman is professor of economics, specializing in centralized economic systems, at the University of Amsterdam. He visited Albania in April 1983. He thanks Eva Visser for her translation.

Albania is the poorest country in Europe. It has been estimated* that the gross national product per capita in 1970 was only \$350, which was clearly lower than that of South European countries such as Yugoslavia and Portugal, and was rather at the level of countries like the Philippines, Brazil and Iran. This low level of development reflects the history of the country. Until 1912 Albania was a part of the Ottoman empire, and during the Second World War it was occupied by Italy. Following the advent to power of the communists in 1944, the country experienced rapid economic growth -- according to official statistics; however, the point of departure in economic development was very low. Table 1 provides a few data on post-war economic growth.

Table 1 shows 30 years of rapid but fluctuating economic growth. In each case, a drop in the rate of growth (for example in the early sixties and the late seventies) was caused by an end to relationships with the major donor country, respectively the Soviet Union and the People's Republic of China. Substantial economic growth is achieved through the mobilization of labor, sizable investments, foreign aid and the exploitation of the substantial supply of natural resources.

* M. Kaser and A. Schnytzer, "Albania -- a Uniquely Socialist Economy," in *East European Economies Post-Helsinki* (JEC/U.S. Congress, Washington DC, 1977), p 574.

Table 1: Average Annual Growth Rate of a few Macro-Economic Indicators
(percentage per year)

	1951-55	1956-60	1961-65	1966-70	1971-75	1976-80	1981	1982
Netto materieel produkt (1)								
11.2	7.0	5.8	9.1	6.7	-	-	4.5	
Bruto industriële produktie (2)	21.5	18.9	8.0	13.4	11.2	6.1	6.5	4.7
Bruto agrarische produktie (3)	4.8	0.6	6.2	4.1	5.8	3.9	7.2	5.0

Sources: For the years 1951-1975, "35 années d'Albanie socialiste" [Thirty-five Years of Socialist Albania] (Tirana, 1981), p 115. This is a translation of "35 vjet shqipëri socialiste" (Tirana, 1979). For a critique of this, see M. Kaser, "A New Statistical Abstract from Albania," in SOVIET STUDIES, January 1982, pp 123-125. The Albanian statistical handbook is published every 5 years. The last but one, which covers 30 years of socialist Albania, was published in 1974 and the next one, which will cover 40 years, will probably be published in 1984.

For 1976-1980, E. Lhomel, "L'Albanie en 1981-1985" [Albania in 1981-1985], in: LE COURRIER DES PAYS DE L'EST, No 255 (October 1981), p 49. The figures are taken from the official press.

For 1981, E. Lhomel, "L'économie Albanaise en 1981" [The Albanian Economy in 1981], in: LE COURRIER DES PAYS DE L'EST, No 266 (October 1982), p 49. The figures are taken from the official press. For 1982, the figures came out of the official press (as published by M. Kaser).

- Key:
1. Net material product
 2. Gross industrial production
 3. Gross agricultural production

Labor

Albania is a country in which all the people are mobilized and organized by the state, and where the state believes that work performed by its subjects in the public sector does not have "alternative costs." For example, terraces have been built on a large scale on the mountain slopes by "volunteers" (for example, students). The labor needed for building a railroad network was also obtained in this manner. Cheap labor available to the state to carry out public works, and industrial investments, and the willingness and power of the state to make use of this were and still are important factors to explain the economic growth in Albania.

The population growth is approximately 2.5 percent per year, which is the highest percentage in Europe. Hence, the quantity of available labor grows rapidly. It is expected that by the end of the century, the country will have approximately 4 million inhabitants. This increase will contribute to the size of the working population and of the army (Albania is a highly militarized society, where soldiers and small bunkers can be seen everywhere). A few figures about the utilization of the working population are given in Table 2.

Table 2: Individuals Working in the Public Sector
(in thousands)

	<u>1950</u>	<u>1960</u>	<u>1970</u>	<u>1978</u>
Industry	21	67	141	221
Construction	18	33	49	50
Agriculture	8	32	76	128(a)
Transportation and Communication	7	8	15	33
Trade and Distribution	9	25	34	39
Education and Culture	7	13	32	48
Medical Care	3	10	18	33
Other	10	14	28	32
Total	83	202	392	584

(a) In 1978 there were also 235,000 households working on collective farms.

Source: "35 années d'Albanie socialiste" (Tirana, 1981), pp 34 and 70.

Table 2 clearly shows the success of the government policy in expanding the public sector and in terms of industrialization and the creation of jobs. In 28 years, a large public sector has been established, employment in industry has increased more than tenfold, and employment in the public sector has multiplied by more than seven. Even in agriculture, the sector which least lends itself to state socialism, the private sector has been reduced to small pieces of private property belonging to farmers working on collective farms (the production of which must either be consumed by the farmer himself or sold to the state).

There are no independent unions. The government is paternalistic in its approach and considers them superfluous. Attempts to set up independent unions would be repressed.

Investments

Sizable investments, for example in hydroelectric stations and in metallurgical complexes, constitute another important factor. Since the mid-sixties, the share of accumulation in the net material product (the Marxist-Leninist term for national income) has been 30 percent or more. In 1966-1970, this share was 34 percent; in 1971-1975, 36 percent; in 1976-1980, "only" about 30 percent (due to difficulties caused by the break with China), and during the

seventh 5 year plan (1981-1985) the planned share amounts to between 31 and 33 percent.

In terms of investments, priority is given to heavy industry, for example iron and steel, nonferrous metals, mechanical engineering and chemicals. The choice of investment projects seems to be primarily a political decision. The investments probably involve substantial waste, high production costs and slow progress, and they probably do not effect a rapid adjustment to developments on the world market. A large number of the machines needed for these investment projects is imported.

Investments were made not only in buildings, public works and machines. Substantial efforts were also made in the area of training of the working population. Some information on this has been summarized in Table 3.

Table 3: Number of Experts

	<u>1960</u>	<u>1970</u>	<u>1978</u>
Engineers	956	3491	8302
Agronomists and Livestock Specialists	679	1768	5084
Economists	668	1732	4820
Doctors	443	1581	3013
Dentists	34	227	725
Pharmacists	72	263	607
Teachers	1097	4050	12622
Other	296	2088	5355
Total	4245	15200	40528

(a) Individuals who completed higher education.

Source: "35 années d'Albanie socialiste" (Tirana, 1981), p 40.

Table 3 shows the results of a very commendable education program. Since the Communist Party of Albania (as of 1948, the Labor Party of Albania) came to power, educational opportunities have increased considerably, especially for women. The number of qualified individuals has grown very substantially. Qualitatively speaking, the situation today is considerably different from the one in 1944, not to mention the one in 1912. It appears that the Islamic customs relative to education for women have largely disappeared.* (On the other hand, Albania is one of the countries in which a great deal of heavy physical labor, especially in agriculture, is done by women, while the men handle the managerial and administrative work.)

They have made intensive use of foreign opportunities for higher education. During the 15 years following the Second World War, many Albanians studied in the USSR and many know Russian. (Enver Hoxha himself studied in France and Belgium in the late twenties and early thirties, and the bonds with France have remained strong. There is a regular air route between Paris and Tirana,

* In 1967, all mosques and churches were closed, and since then religion has been completely suppressed.

an Albanian embassy in Paris, and French is a known language in Tirana.) Currently, English is an important foreign language in the schools.

The Albanian education system combines study, military training and physical labor. The military training starts at a very early age, and the physical labor produces alternative costs in terms of lost study time. Comprehensive military training, starting in preschool, satisfies the leaders' need for discipline and preserves their power. (Moreover, compulsory military service is a cheap form of job creation.)

Foreign Aid

Since the Second World War, Albania has enjoyed substantial foreign aid. It has been estimated * that between 1945 and 1975 Albania received approximately \$1.3 billion in foreign aid, first from UNRRA (a United Nations organization for aid to recovery) and Yugoslavia, next from the USSR and Eastern Europe, and later from China. This was a tremendous amount for a country which even today has only 2.7 million inhabitants. Table 4 provides an idea of the significance of this foreign aid.

The difference between imports and exports can be considered a rough estimate of the foreign aid which has been received. Table 4 indicates that during the period of Soviet aid, foreign aid amounted to more than half of Albania's imports, whereas during the period of Chinese aid, this share amounted to more than one-third of Albania's imports (which were much higher then). Chinese aid was provided until 1974. In 1975, Albania apparently had a surplus in the balance of trade with China. In 1978, the official split between the two countries became a fact. Because Albania rejected responsibility for its debts to Yugoslavia (in 1948), the USSR (in 1961) and China (in 1978) successively, foreign aid did not leave a burdensome repayment problem behind. Since the mid-sixties, part of Albania's imports from the West have been paid with commercial credits.

Since the break with China, Albania seems to be standing on its own two feet after decades of dependence. Exports (for example, oil, copper, chromium, electricity, fruit and vegetables) have risen and, since the late seventies, they have covered the imports account. The achievement of a balanced balance of payments in the late seventies was an important milestone for a country which had always been dependent on foreign aid (from Italy between the wars, from UNRRA, Yugoslavia, Russia, Eastern Europe and China after 1944). This is a significant success for the Albanian economic policy.

* M. Kaser, "Trade and Aid in the Albanian Economy," in: East European Economies Post Helsinki (Washington DC, 1977), p 1335.

Table 4: Albanian Foreign Trade in Domestic Prices of 1971
(in millions of leks)

Jaar (1)	Uitvoer (2)	Invoer (3)	Uitvoer als % van invoer (4)
1945	2	7	29
1946	7.5	8	94
1947	19	121	16
1948	33	73	45
1949	24	52	46
1950	26	88	30
1951	37	159	23
1952	53	128	41
1953	45	161	28
1954	41	104	39
1955	52	172	30
1956	75	156	48
1957	117	214	55
1958	117	315	37
1959	136	342	40
1960	212	353	60
1961	211	314	67
1962	178	281	63
1963	209	308	68
1964	256	422	61
1965	270	469	58
1966	303	512	59
1967	317	523	61
1968	360	535	67
1969	368	661	56
1970	431	687	63

Source: A. Schnytzer, *Stalinist Economic Strategy in Practice*, Oxford, 1982, p 67.

Key:

1. Year
2. Exports
3. Imports
4. Exports as percentage of imports

Natural Resources

Albania has substantial natural resources. Even though a large part of the country is mountainous, the area under cultivation is approximately 700,000 hectares, which produces a favorable land/labor relationship for a population of 2.7 million. The cultivated area has been expanded significantly since 1944, among other things through irrigation and the building of terrasses. The climate is Mediterranean. The rivers provide wide opportunities for hydro-electric projects. (About 80 percent of all the electricity is generated by

hydroelectric stations, after Switzerland the highest percentage in Europe.) There is an abundance of minerals such as oil, coal, copper, iron, nickel and chromium. The search for offshore oil and gas has also been started.

Albania's industrialization strategy is radically different from that of the NICs (newly industrialized countries such as Taiwan and South Korea), which are oriented toward export, in that it does not threaten the position of the old industrialized countries in important industrial sectors. Albania's industrialization is based primarily on the mining, processing and domestic consumption or the export of natural resources. They are complemented by import substitution industries. It is even doubtful whether the Albanian industrial products would be able to compete successfully on the domestic market if protection were reduced.

When some industrial end products (for example, textiles) are exported, this is made possible primarily by the price. By asking low prices for poor quality industrial products in the international traditionally low wage sectors, some sales can take place. Without a change in strategy and organization, this will never turn into a dynamic branch of exports. As far as the export of (processed) natural resources is concerned, the attractiveness of the Albanian industrialization strategy is dependent on the relationship between domestic costs and international market prices, or else the international differential interest rate. In the eighties, Albania falls in Fitzgerald's category of peripheral socialist economies, which are dependent on this international differential interest rate for their development.*

Industry and Agriculture

Even though industrial production in Albania has experienced rapid growth, the production level remains low. A few production figures have been brought together in Table 5.

Industry is organized in the same way as is customary in the Soviet Union. There are national 5 year plans and 1 year plans. The traditional Soviet planning methods, for example the balance method, are used. The enterprises are given detailed production goals, which determine their behavior. Production goods are distributed. Production goods and bureaucratic behavior have replaced market methods and trade behavior. The results of every 5 year period differ sharply from the 5 year plan. They are looking for ways to improve the system in the area of better planning methods and of processing data. In 1977 Albania's first input-output table was drawn up, for 1978. The statistical system is being computerized.

Agriculture is organized in 420 collective farms (approximately 90 percent of which at a low collective level) and also in state farms. (The collectivization took place primarily in the fifties.) There are still machine and tractor stations (in the USSR, they were eliminated in 1958 and the machines

* E.V.E. Fitzgerald, "Planned Accumulation and Income Distribution in the Small Peripheral Economy," in: K. Martin (editor), *Readings in Capitalist and Non-capitalist Development Strategies* (London, 1983).

transferred to the farms themselves). The current policy envisages a gradual transformation of farms at a low collective level into farms at a high collective level and of the latter into state farms. The official expectation is that by 1985, 40 percent of the arable land will be worked by farms at a high collective level. In 1982, private markets for agricultural products were eliminated and the size of the small private pieces of land reduced.

Table 5: Production of a few Industrial Products in 1979

Oil	(thousand tons)	2,200
Coal	(thousand tons)	1,430
Chromium ore	(thousand tons)	1,015
Iron/Nickel ore	(thousand tons)	530
Copper ore	(thousand tons)	740
Processed Copper	(tons)	9,700
Electricity	(million kilowatt/hours)	2,990
Cement	(thousand tons)	840
Bricks and Roofing Tiles	(million)	327
Sodium-hydroxide	(thousand tons)	24
Sugar	(thousand tons)	35
Cheese	(thousand tons)	12
Footwear	(thousand pair)	5,500

Source: "35 années d'Albanie socialiste" (Tirana, 1981), chapter 5. No official figures are available for oil. The figure given is an estimate made in the United Nations Yearbook of Industrial Statistics, 1980 edition (New York, 1982), p 4.

Agriculture is conducted in a highly labor intensive manner, primarily with the help of human and animal power. Vegetables and fruit are important products, and greenhouses are used extensively. All villages are connected to the electricity network. The successful completion of the electrification program in the countryside was a significant achievement.

It is said that since 1976 the country has been self-sufficient in terms of grain. Food is available in the stores, not distributed and without long lines, but the variety and quality are limited. (For example, the mouldy vegetables I saw in some stores could never be sold for human consumption in any West European country.) Ninety-five percent of domestic food consumption comes from domestic agriculture. About one quarter of Albanian exports consist of agricultural products.

A curious characteristic of the Albanian countryside is the widely scattered small bunkers. There are small bunkers everywhere, on virtually every field and in all parts of the country. They would not be able to do a thing against a modern army, and they would be excessive -- and probably superfluous -- against an amateurish private invasion. They are only examples of the "pyramids of sacrifice."*

* P. Berger, *Pyramids of Sacrifice* (London, 1976).

Foreign Trade

Albania conducts trade primarily with other European countries, both East European (except for the USSR, with which they have neither diplomatic nor trade relations) and West European. The changes in the importance of Albania's various trade partners, caused by the split with China, are illustrated in Table 6.

Table 6: Albanian Foreign Trade between 1975 and 1979
(in millions of dollars)

	1975	%	1976	%	1978	%	1979	%
Total (1)	497	100	426	100	367	100	525	100
OECD + Jugoslavië (2)	143	29	101	23.5	143	39	260	49.5
East-Europa (3)	174	35	190	44.5	149	40.5	245	46.5
China en overig (4)	180	36	135	31.5	75	20.5	20	4

Source: E. Lhomel, "L'économie Albanaise en 1981," in: LE COURRIER DES PAYS DE L'EST, No 266 (October 1982), p 55.

Key:

1. Total
2. OECD plus Yugoslavia
3. Eastern Europe
4. China and Other

Table 6 demonstrates three important things. First, the decline in foreign trade as a whole caused by the break with China was only temporary, and Albania was able to replace China with other trade partners. Secondly, following the split with China, the West became Albania's most important trade partner. Thirdly, Albania did not become dependent on the West and trade with Eastern Europe is significant.

Albania sets great store by the expansion of trade with Western Europe. They believe that economically speaking this trade is advantageous and that it does not represent a threat to the independence of the country (assuming that the trade is spread over a number of countries, especially small ones, and provided that extensive trade is also being conducted with Eastern Europe). I visited a greenhouse complex near Durrës, which was built in 1971 with Dutch equipment and where tomatoes and cucumbers are grown, partly for export. Thanks to the Mediterranean climate, energy consumption is naturally lower than in the Netherlands. At the "Albania Today" exhibition in Tirana, television sets assembled in Albania with parts supplied by Philips, were prominently displayed.

With its growing export of valuable raw materials (for example, oil, chromium) and its preference for high quality import products (for example, agricultural technology and machines), Albania is a small but very promising trade partner. The growing cultural exchanges are symbolic of the government's desire to enter into better relations with Western Europe.

Future

The future of the Albanian economy will be determined by external and internal factors. As an exporter of raw materials, Albania has -- just like the USSR -- a direct material interest in the economic growth of the most important capitalist countries. Depression in the West has direct negative consequences for Albania. However, Albania is in a better position than a minerals exporter in the Third World, such as Zambia, because of the diversity of its primary export products. The country exports not only metals but also energy (oil and electricity).

Since 1944 Albania has been politically dominated by one man, Enver Hoxha. He is an absolute dictator, comparable to Stalin (who is still venerated in Albania and whose statues are conspicuous) and Mao Tse-tung. He is 74 years old now and does not have many more years to live. What economic policy will be conducted by his successor(s)?

If an opening to the West were to be made, the country would have immense reserves in potential foreign currency from tourism, thanks to the sunshine, the beaches, mountains and clean air. (Even now the state tourism office Albtourist is expanding its facilities on a limited scale.) Combined with a decrease in the investment share of the national income and a re-allocation of investments to projects with higher yield, this would make possible a substantial hike in the standard of living.

The quality of health care appears to be good. According to reports, malaria has been eradicated. In 1980, the average life expectancy was 69.2 years (for opponents of Enver Hoxha, however, it was much lower). Extreme poverty is not apparent.

The transportation system is energy efficient and friendly to the environment. (Even though there are trucks, busses and a railroad network, the main means of transportation for individuals is the bicycle. Cars are conspicuous by their absence, and in the rural areas horses, mules, oxen and donkeys are important means of transportation.) Nevertheless it is very likely, given the experience of other countries, that the importation of cars and other consumer durable goods would be popular among the people.

On the other hand, the successor(s) might prefer a reconciliation with Moscow, which could provide military and economic aid as well as protection against what is officially considered to be the Yugoslav threat. (The Albanian leaders are afraid that the Yugoslavs will incorporate Albania into the Yugoslav federation, as nearly happened in 1945-1948.) For Moscow, the prospect of a military base on the Adriatic Sea would be particularly attractive.

The future is uncertain, but it is likely that, just as in the past, the fate of the Albanian people will remain in the hands of the political leadership.

Conclusion

The 40 year rule of the Communist Party has meant a definite break with the Ottoman past. Industrialization and agricultural development, based on the mobilization of labor, sizable investments, foreign aid and abundant natural resources, have made possible great steps forward. Albania has become an industrial-agricultural country. All cities and villages are provided with electricity. The whole economy is in the hands of the state. An enormous increase in the number of available qualified personnel has taken place. Even though the country was dependent on foreign aid for a very long time, this is currently no longer the case. Albania has come down on its own two feet. The development is now dependent on the efficiency with which it exploits its domestic natural resources and on the prices which can be obtained on the world market. Important policy changes are possible in the eighties. Trade and other ties between Albania and Western Europe are in the interest of both.

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CSO: 3614/123

FIRST HALF CSR, SSR PLAN FULFILLMENT REPORTED

Prague RUDE PRAVO in Czech 28 Jul 83 p 2

[Excerpts from reports of the Czech and the Slovak Statistical Offices]

[Text] Prague and Bratislava, 27 July (RUDE PRAVO)--The Czech and the Slovak Statistical Offices have published reports on the development of the CSR and SSR economies during the first half of this year. We are publishing excerpts from these reports.

From the Report of the Czech Statistical Office

The tasks planned for the first half of this year in the CSR economy have been fulfilled in all decisive indicators, and the volume of resources increased over the first half of 1982 at a faster rate than what the annual plan anticipates. However, certain shortcomings in the development of the economy are persisting, particularly in the efficiency of export to nonsocialist countries, in the structure of capital investment, and in the practical application of R&D results.

In planned capital construction (not including 2 [self-help community improvement] projects and private construction) within the CSR economy, 39.5 billion korunas of work and deliveries were performed, 43.9 percent of the annual plan. The capacities of the contracting construction organizations were concentrated more on the priority projects.

The six-month plan of industrial production within centrally administered industry on the territory of the CSR has been fulfilled 101.5 percent, and its volume increased by 2.7 percent over the first half of last year. In agreement with the plan, production increased at the fastest rate in the electro-technical industry. The semiannual plan was not fulfilled by 17 percent of the industrial enterprises on the territory of the CSR.

Planned deliveries for export to socialist countries at f.o.b. prices were exceeded by 9.6 percent, and their volume increased by 8.3 percent over the first half of last year. Planned deliveries for export to nonsocialist countries were exceeded by 5.4 percent, and their volume increased by 2.5 percent over the first half of last year.

The following results were achieved in the individual branches administered by the CSR government:

In the chemical industry the planned tasks were fulfilled 100.4 percent during the first half of the year, and the production volume increased by 2 percent. In comparison with the same period last year, the largest increases were in the output of gasoline, fuel oil, diesel oil, and plastics.

In the wood-processing industry the semiannual production plan was exceeded by 0.7 percent, and the output increased by 2.9 percent. The increase in production was ensured particularly by the further development of the production of chipboard and furniture. However, certain problems persisted in conjunction with the quality and product mix in the furniture industry.

In light industry the semiannual plan was fulfilled 100.7 percent, and the production volume increased by 1 percent over the first half of last year. Output increased by 1.6 percent in the textile industry and 1.7 percent in the clothing industry, but in the glass, porcelain and ceramics industry and in the leather, footwear and fur industry output declined by 0.5 percent.

In the building materials industry the semiannual plan was exceeded by 1.3 percent, and the output increased by 1.9 percent over the first half of last year. The output of cement increased by 1.6 percentage points over the expectations of the annual plan.

In a departure from years past, the construction enterprises headquartered on the territory of the CSR exceeded the planned volume of construction work already from the beginning of the year and fulfilled the semiannual plan 102.2 percent. The semiannual plan of construction work was not fulfilled by 28 percent of the construction enterprises. In all, the construction enterprises performed 26.4 billion korunas of construction work with their own personnel, and this volume was 3.7 percent higher than during the same period of last year. The construction enterprises fulfilled 49.3 percent of the annual plan.

In agriculture, favorable conditions were created for increasing the intensity of crop production. The semiannual plan for the procurement of all important livestock products was exceeded. Procurement in excess of the plan included 12,000 tons of cattle, 13,000 tons of hogs, 149 million liters of milk, and 36 million eggs.

Plan fulfillment in the food industry during the first half of this year was influenced favorably by overfulfillment of the planned procurement of milk and slaughter animals. The production volume increased by 4.9 percent over the same period of last year, whereas the annual plan anticipates an increase of only 0.3 percent.

In forestry the annual logging plan was fulfilled 54.9 percent, and the output increased by 1.7 percent over the first half of last year. Afforestation and reforestation totaled 26,800 hectares, 12.6 percent more than in the first half of 1982.

The semiannual plan of rail freight loading on the territory of the CSR was fulfilled 103.5 percent, and the volume increased by 4.7 percent over the first half of 1982. The planned annual volume was fulfilled 51.1 percent.

Persons' incomes in the CSR increased by 4.5 billion korunas or 3.6 percent over the first half of last year. Average monthly pay per worker in the

socialist sector of the CSR economy was 2,748 korunas, an increase of Kcs62 or 2.3 percent over the first half of 1982.

Total social security benefits increased by 1.4 billion korunas or 5.4 percent over the first half of 1982. Pensions paid amounted to 17.7 billion korunas; and sickness insurance benefits, to 9.8 billion korunas. Allowances for children totaled 5.0 billion korunas.

Retail turnover of all trade systems reached 88.8 billion korunas, of which food sales were 42.9 billion korunas. Within the principal trade systems the semiannual plan was fulfilled 101.2 percent. The retail turnover increased by 3.8 percent over the first six months of 1982.

On 30 June 1983, the CSR had a population of 10,325,000.

From the Report of the Slovak Statistical Office

On the whole the principal tasks of the plan were ensured during the first half of 1983. The growth rate of creating material resources accelerated, and efficiency and economization in the replacement process improved.

Development was affected by certain problems that manifested themselves mostly in uneven plan fulfillment, in placing fixed assets in operation behind schedule, and in unsatisfactory progress in the practical application of R&D results.

Construction work and deliveries for investment in the Slovak economy (without the Z projects and private construction) totaled 21.2 billion korunas, which is 47.4 percent of the annual plan and 5 percent more than in the first half of 1982.

The enterprises of centrally planned industry jointly fulfilled successfully the state plan's tasks for the growth of production, adjusted value added, and sales, and for improving economic efficiency. During the first half of the year they fulfilled the production plan 101 percent. The volume of industrial production rose 4.3 percent over the same period of last year.

The industrial enterprises fulfilled the plan's tasks of final sales for export to socialist countries 108.5 percent, and for export to nonsocialist countries 103.5 percent. Among the individual directions of the output's economic use, the fastest growth rate, 5.9 percent, was achieved in deliveries for export.

The following results were achieved in the individual industries during the first half of the year:

In the fuel industry the output plan was fulfilled 104 percent. The volume of coal and lignite mined was 2,918,000 tons.

Electric power generation totaled 10.3 billion kWh, exceeding the plan by 7.3 percent.

In metallurgy, including ore mining, the production volume increased by 0.9 percent over the first half of 1982. The state plan anticipates a moderate decline.

In engineering, output increased over the same period of last year by 8.6 percent, and within this in general engineering by 9.9 percent. Output in the electrotechnical industry increased by 8.8 percent, but in heavy engineering it remained at the same level as in the first half of last year, which had an impact on overall plan fulfillment within the branch.

The chemical industry's production plan was fulfilled 100.8 percent. Output increased by 4.7 percent over last year, which is 3.8 percentage points more than what the state plan calls for. The output of N fertilizers showed the sharpest rise, 22.3 percent. The output of gasoline and plastics also increased.

In the wood-processing industry, fulfillment of the production plan fell short by 0.6 percent. Output increased over the same period of last year by 4.6 percent.

Output in light industry increased by 0.9 percent, and fulfillment of the semi-annual plan was 100.8 percent. Production was developed preferentially in the glass, ceramics and porcelain industry.

The enterprises in the building materials industry exceeded their semiannual plan by 1 percent. Within the basic product mix of building materials, the output of walling materials increased. The outputs of the other basic types of building materials declined slightly.

The contracting construction enterprises fulfilled their first-half planned tasks in terms of all the basic indicators. The volume of basic construction work in place was 14.1 billion korunas, which was 1.1 percent more than planned and 4.6 percent more than during the same period of last year.

In agriculture the protection and use of available farmland improved. The acreage of arable land increased over last year by 1940 hectares. The increases in the livestock population and the higher average livestock yields had a favorable effect on fulfillment of the plan for the procurement of livestock products.

The results in agriculture had a positive effect on the food industry's development. The food industry fulfilled its semiannual plan 102.6 percent, and its output volume increased by 4.7 percent.

Forestry logged over 3.0 million cubic meters of timber, fulfilling its semi-annual plan 103.5 percent. Afforestation and reforestation totaled 17,200 hectares, resulting in 101.4-percent plan fulfillment, the same as in the first half of 1982.

Public freight transport hauled 125.8 million tons of freight, 0.9 percent more than last year, and 3 percent more than what the semiannual plan called

for. Rail freight fulfilled its plan 101.8 percent; and CSAD [Czechoslovak Automobile Transportation] trucking fulfilled its plan 104.2 percent.

Personal incomes increased by 4.7 percent over the first half of last year, to 57.8 billion korunas. Average monthly wages per worker in the socialist sector of the Slovak economy increased to 2,684 korunas, 2 percent more than in the first half of 1982.

Improvements in the supply of industrial goods and essential foodstuffs contributed to overfulfillment of the retail turnover plan, and to the faster growth of the retail turnover than what the state plan calls for.

Social security benefits totaled 11.8 billion korunas, including 6.8 billion korunas paid out in pensions. Pensions increased over the first half of 1982 by 6.3 percent.

On 30 June, the Slovak Socialist Republic's population numbered 5,090,000.

1014

CSO: 2400/395

FIRST HALF 1983 PLAN FULFILLMENT REPORTED

Prague RUDE PRAVO in Czech 27 Jul 83 pp 1, 3

[Report of the Federal Office of Statistics: "Report on the National Economy's Development and the Plan's Fulfillment in the Czechoslovak Socialist Republic During the First Half of 1983"]

[Text] Prague, 26 July (RUDE PRAVO)--The Federal Office of Statistics has issued on Tuesday its report on the development of the economy and plan fulfillment in the CSSR during the first half of 1983. In the following we present the unabridged text of the report.

In accordance with the targets of the state plan and the conclusions of the CPCZ Central Committee's 7th session, the rate of economic development has accelerated during the first half of 1983, and the process of intensifying production and improving its efficiency is continuing.

Even operation of the economy was ensured. Industrial production, construction, and livestock production within agriculture rose faster than during the first half of 1982, and also faster than the planned annual growth rate. Economic growth made it possible to ensure the attained standard of living.

The favorable results can be attributed to the efforts and measures of the party, government, economic, trade-union, youth and other social organs and organizations; to implementation of the Set of Measures for Improving the Planned Management System; and to the workers' initiative. Weather conditions likewise had a favorable effect.

Despite overall fulfillment and overfulfillment of the planned tasks, there were shortcomings in some areas. The structure of production and marketing departed from the plan's targets. The output in excess of the plan was directed to productive consumption and inventories, and only partially to final use. The technical and economic level of some products, and hence also their valuation on the domestic and foreign markets, is not always in accord with the plan's targets. While a surplus was achieved in the balance of trade and balance of payments, the planned export tasks to nonsocialist countries have not been fulfilled, and the situation is worsening due to the recession in these countries and to the continuing discriminatory measures by certain capitalist countries.

The first-half results demonstrated that the economy has sufficient reserves to fulfill the planned tasks, and even to exceed them in the desired directions.

Research and Development

Some favorable results were attained in the development of science and technology, and in the practical application of their achievements. For example, the following R&D tasks of the state plan of technological development have been solved successfully: automation systems with microelectronic control for livestock-production buildings; a standard series of electric motors and drives with outputs of up to 1000 kW; the RK 5000 bucket excavator; an automated medium- and light-section mill; and the intensification of steelmaking in oxygen converters.

However, the rate at which R&D results are being introduced into the production process remained slow and did not correspond to the possibilities and needs of the Czechoslovak economy, as this has been pointed out by the 8th session of the CPCZ Central Committee.

During the first half of 1983 the R&D tasks of the state plan of technological development were fulfilled 96.1 percent, an increase in fulfillment over the same period last year.

Introduction into production of the results of the state plan of technological development was fulfilled 88.2 percent during the first half of this year. On the basis of R&D results, for example, the oxidation-vacuum melting of high-grade stainless steels has been introduced; final deliveries have begun of automated plating plants; the SM 50/40 microcomputer has been assigned to production; the production has been mastered of the SPS 35 self-propelled harvesting chopper; and production of the LSK 300 cardiac pacemaker has been introduced.

Development and application of new equipment, technologies and materials have created the prerequisites for the gradual reduction of fuel and power consumption, and for saving raw materials, supplies and manpower.

Within the total production volume, the proportion of the value of new products, and the proportion of products whose technological and economic level is high, failed to increase as planned. Essentially the proportion of products of a high technological and economic level within the total value of the industrial sectors' products did not change and was 10.9 percent.

Favorable trends manifested themselves in the rise of the number of inventions and innovation proposals, and in the greater benefits that society derived from them. In comparison with the same period last year, the number of patent applications increased by 2 percent; and the number of innovation proposals, by 3 percent. In accelerating the practical application of inventions and innovation proposals, there still exist considerable reserves for improving the national economy's efficiency.

R&D cooperation with the CEMA countries, and primarily with the Soviet Union, has been expanded further. Cooperation with the Soviet Union has focused on the development of nuclear power engineering and technology, computer technology, textile machinery, and other sectors necessary to ensure a rapid rise of the technological level in the key branches of the national economy.

Capital Construction

In the first half of 1983, construction work and deliveries for capital construction (not including 2 [self-help community improvements] and private projects) totaled 59.9 billion korunas, including 34.5 billion for construction work and 25.4 billion for machinery and equipment. In comparison with the same period last year, the volume of construction work and deliveries for capital construction was higher by 5.5 percent, whereas the 1983 plan calls for a reduction by 2.1 percent. Within this the volume of construction work increased by 6.5 percent (the plan calls for a 4.6-percent decline), and deliveries of machinery and equipment increased by 4.1 percent (the planned annual increase is 1.1 percent). The high growth rate over the same period of last year was due also to the low volume of investment during the first half of 1982, which had been affected also by bad weather.

Within the structural orientation of capital construction, investments were increased particularly for securing the fuel and power base, for the modernization of engineering, and for agriculture and the food industry.

Of the 32 important capacities specified as priority projects and scheduled to begin trial operation during the first half of 1983, 19 capacities were transferred and accepted. The capacities that were placed in operation include, for example the following: reconstruction of the CSA [Czechoslovak Army] Large Strip Mine, 1.3 million tons of coal/year; the May 1 Mine in Darkov, fourth stage, 3.23 million tons/year; new boilers, each with a capacity of 115 tons of steam/hour, at the Brno-North and Holesovice district heating plants; Strojovnit in Krnov, reconstruction of the foundry, 14,500 tons per year; Chemko in Strazske, the production of cyclohexanone, first and second stage, 80,000 tons/year; and a new hose plant at Optimit in Odry.

Despite the increased attention devoted to projects designated as priority projects in capital construction, some of these projects were running behind schedule due to shortcomings in planning and design preparations and to failure to concentrate on the projects the necessary construction and installation capacities.

A larger proportion of the annual state plan was fulfilled in the case of projects with budgeted costs under 2.0 million korunas, and of projects with budgeted costs exceeding this amount.

The budgeted costs of completed projects exceeded in volume the budgeted costs of new construction starts, which manifested itself in a reduction of unfinished construction, but its volume is still excessively high. The shortcomings in capital construction continue to manifest themselves in cost overruns on the unfinished projects, and in the still low proportion of modernization and reconstruction.

Industry

In centrally administered industry, gross industrial production during the first half of 1983 increased by 3.2 percent over the same period of the preceding year, whereas the annual state plan calls for an increase of 1.8 percent. At the same time, however, 16.3 percent of the enterprises failed to fulfill their production plans. Fulfillment of the annual plan during the first six months was 50.6 percent.

Development of production in the individual sectors was differentiated in accordance with the realization of the planned structural changes. Faster growth was achieved in the manufacturing sectors, particularly in the electro-technical industry. Higher growth rates were attained in the sectors utilizing domestic raw materials, particularly in the wood-processing industry. Gradual realization of the state target programs likewise contributed to the structural changes.

The total planned volume of adjusted value added in industry was exceeded by 4.2 billion korunas or 3.2 percent.

Combined total sales (at adjusted wholesale prices) of the centrally administered industrial enterprises increased by 2.6 percent during the first six months. Deliveries for export jointly were higher by 4.4 percent, including an increase of 4.7 percent in export to socialist countries, and 4.0 percent in export to nonsocialist countries. Deliveries to domestic trade increased by 2.7 percent, and deliveries of machinery and equipment for investment dropped by 0.5 percent. At the same time there were departures from the plan's structural targets.

Smooth supplier-user relations were adversely affected by uneven fulfillment of the planned production tasks at a proportion of the industrial enterprises, and by slow adjustment of the production structure to the requirements of domestic trade and foreign trade.

Realization of the rationalization and economization measures made itself felt favorably in the overall financial results of the industrial enterprises. Increased motivation of the industrial enterprises likewise contributed to the development of the qualitative indicators.

In comparison with the same period last year, total output cost dropped by 0.9 percent during the first half of this year. Within this the largest relative reduction, 1.2 percent, was achieved in the case of materials less depreciation (the state plan calls for a reduction of 0.7 percent in 1983 over 1982). Realization of the state target programs to save fuel and metal also contributed to this.

The indicators of the efficiency of investment were influenced favorably by higher profits and partially also by the acceleration of inventory turnover. A favorable change was not achieved in the utilization of fixed assets.

Employment in centrally administered industry increased by 0.8 percent during the first six months, reaching 2.66 million persons.

Labor productivity based on gross output increased by 2.4 percent; and labor productivity based on adjusted value added, by 5.2 percent. Average monthly wages of workers in centrally administered industry during the first six months amounted to 2,919 korunas, an increase of 2.8 percent over the same period last year.

As a result of an increase in absences due to illness, utilization of the blue-collar workers' available working time dropped from 91.3 percent in the first half of last year to 90.5 percent this year. At the same time the proportion of overtime by blue-collar workers dropped from 5.3 percent to 5.1 percent during the first half of this year.

The shift index for blue-collar workers in industry increased slightly during the first half of this year to 1.332, as compared with 1.329 in the first half of last year.

The following results have been achieved in the individual sectors of industry during the first half of this year:

The fuel industry mined in all 64,249,000 tons of coal and lignite, and the state plan for mining was exceeded by 1,239,000 tons or 2 percent. Every coal basin exceeded the breakdown of the state plan for mining; among them the highest overfulfillment was 2.7 percent at SHD [North Bohemia Brown Coal Mines] of Most. The plan for stripping the overburden was fulfilled 105.2 percent, and the total overburden increased by 19.3 percent over the first half of last year.

Electric power generation during the first 6 months of this year totaled 38,177 million kWh. The plan for power generation was exceeded by 1.4 percent. Within this the hydroelectric power plants exceeded their plan by 8.3 percent; and the nuclear power plants, by 7.2 percent. Supply of the national economy and households with electricity during the first six months of this year was continuous.

Total output in metallurgy, including ore mining, increased by 1.7 percent; the state plan for this year anticipates that output will drop by 0.9 percent. Output increased by 1.6 percent in ferrous metallurgy, 1.9 percent in nonferrous metallurgy, and 1.9 percent in ore mining and dressing. The plan was overfulfilled for all principal metallurgical products, but at the same time there were certain difficulties with ensuring the planned production assortment, especially in the case of rolled stock and high-grade steels.

Total output in engineering increased by 4.8 percent, which is 0.5 percentage point more than what the state plan calls for.

Within the framework of structural changes, development of engineering's production was concentrated in the sectors where the consumption of materials, particularly of metals, is low, and also in the sectors that produce for export and fulfill tasks related to international socialist economic integration.

The fastest growth of production was in the electrotechnical industry. Its output increased by 7.5 percent (the state plan anticipates 5.2 percent growth). Within the production structure, the electronic components base was reinforced the most. During the first 6 months of this year, the output of electronic components increased by 12 percent; and the output of telecommunications capital goods, by 9.4 percent. The production of high-technology robots and manipulators was likewise developed.

Output in general engineering increased by 5 percent, 0.7 percentage point more than what the annual plan calls for. The increases in output were 4.3 percent for cars, 3.0 percent for farm machinery, 2.7 percent for tractors, and 8.2 percent for car parts. Among consumer goods for the population, higher increases were achieved in the output of refrigerators, washing machines, gas ranges, and enameled utensils.

Output of Important Industrial Products

		Jan-Jun 83	Jan-Jun 83
	Units	report	Jan-Jun 82 (percent)
Bituminous coal (salable district output))	1000 tons	13,849	98.1
Brown coal (salable district output, including lignite)	1000 tons	50,400	106.8
Electricity	million kWh	38,177	102.4
Pig iron	1000 tons	4,801	100.3
Crude steel	1000 tons	7,561	100.5
Rolled stock	1000 tons	5,356	101.9
Cement	1000 tons	5,027	101.7
Lime	1000 tons	1,505	99.3
Nitrogen fertilizers	1000 tons of N	305	110.8
Plastics	1000 tons	501	103.6
Chemical fibers	1000 tons	93	101.5
Cars, delivery vans	number	91,610	104.3
Monolithic integrated circuits	million Kcs	825	116.9
Digital computers	number	248	145.0
Metalworking machine tools, without spare parts*	number	8,022	95.6
Textile machinery, equipment	million Kcs	1,371	98.2
Farm machinery, equipment*	million Kcs	1,383	103.0
Tractors, wheel & caterpillar	number	17,504	102.7
Household washing machines	1000	205	109.1
Household refrigerators, freezers	1000	206	105.9
Television sets, black & white	1000	178	117.9
Televisions sets, color	1000	39	119.7
Radios	1000	162	112.1
Tape recorders, dictating machines	1000	72	103.7
Furniture, wood & other materials*	million Kcs	3,773	107.1
Drawn plate glass, clear, 4/4	million square meters	19	125.7
Cotton fabrics	million meters	299	99.5
Fabric bed linen	1000	6,053	97.9
Clothes, fabric & nonwoven*	million	18	101.7
Hosiery	million pairs	55	101.9
Footwear, jointly	million pairs	60	98.6

*Not including enterprises of the local economy and production cooperatives.

Output in heavy engineering increased by 2.5 percent, which is 1.1 percentage point less than what the annual state plan calls for. Problems with plan fulfillment arose particularly in the production of railroad cars. The following higher increases were achieved: in the production of construction cranes, 23.1 percent; electric locomotives, 15.1 percent; forming machines, 14.3 percent; diesel engines, 4.6 percent; and equipment for the chemical industry, 3.9 percent.

An increase of the total output volume was achieved in the production of machinery parts and components, but the structure of their assortment still does not meet the requirements.

In the chemical industry total output increased by 3.1 percent, while the annual state plan anticipates an increase of only 0.3 percent. The output of chemicals and petroleum processing increased by 3.6 percent; and the output of the rubber-asbestos industry, by 0.9 percent. Higher increases were achieved particularly in the case of petroleum products, also by increasing the feedstock yield. Percentual increases in outputs were as follows: kerosenes, 34.5 percent; gasolines, 22.5 percent; nitrogen fertilizers, 10.8 percent; plastics, 3.6 percent; plant protectants, 5 percent; and tires for farm machinery, 14 percent.

In the wood-processing industry total output increased by 3.5 percent. This includes a 1.6-percent increase in the pulp and paper industry, and 4.6 percent in the woodworking industry. The annual state plan anticipates a 4.4-percent increase in total output. Plan fulfillment at some enterprises lagged due to delays in capital construction, and to failure to master new production capacities.

In light industry a 1-percent overall increase in output was achieved, which is roughly in agreement with the annual state plan. The following higher increases in output were reported: printing industry, 2.8 percent; clothing industry, 2.1 percent; and textile industry, 1.7 percent. Output in the glass, porcelain and ceramic industry increased by 0.7 percent. Production declined in the leather and footwear industry (by 1.8 percent).

In the building materials industry there was a 1-percent increase in output during the first half of 1983, which is faster by 0.3 percentage point than the rate anticipated in the annual state plan. The following higher increases in output were reported: nonfired walling materials, 5 percent; ceramic wall tiles, 3.7 percent; ceramic floor tiles, 5.4 percent; and asbestos-cement roofing tiles, 3.4 percent. Output declined by 4.2 percent in the production of building components; by 1.4 percent in the production of aggregates; and by 6.8 percent in the production of drainage pipes.

Construction

The construction enterprises performed 40.5 billion korunas' worth of construction work with their own personnel, which is 4 percent more than during the same period last year. The state plan, which anticipates a 0.2-percent decline in the volume of construction work this year, has been exceeded during the first half of 1983. The higher growth rate attained had been influenced partially by good weather during the first months of this year.

So far the construction enterprises have not been adjusting their capacities flexibly enough to the requirements of capital construction, especially to the requirements of accelerating the completion of unfinished construction projects, modernizing the existing housing units, and repairing capital assets.

On the construction projects in districts of concentrated capital construction --i.e., in the capital city of Prague, in North Bohemia Kraj, and in Bratislava as the capital of the SSR--fulfillment of the tasks was on average higher than on other projects, but even so there were departures from the specified construction schedules on some of these projects.

Fulfillment of the planned tasks by the individual construction enterprises has been rather uneven. Plan fulfillment at the enterprises of the CSR Ministry of Construction was 102.5 percent, and they exceeded by 410 million korunas their plan of construction work performed with their own personnel. The enterprises of the SSR Ministry of Construction exceeded their plan of construction work by 104 million korunas or 1 percent. However, the okres construction enterprises in the CSR have been less successful in coping with their construction tasks: their plan fulfillment during the first half of 1983 has been 99.8 percent, with a shortfall of 7.0 million korunas. The construction organizations of the Federal Ministry of Transportation likewise failed to fulfill their plan.

The construction organizations exceeded their plan of adjusted value added by 476 million korunas or 2.9 percent.

Employment at the construction enterprises averaged 548,000 workers, an increase of 0.1 percent over the first half of last year.

Labor productivity based on adjusted value added was 4.2 percent higher over the same period last year; labor productivity based on the volume of construction work in place increased by 3.9 percent. The average monthly wages per worker increased by 2.7 percent, to 2,981 korunas.

Agriculture and Food Industry

Weather conditions permitted the timely completion of field chores this spring and influenced favorably the state of the vegetation.

The acreage of winter grain that had to be plowed under was exceptionally small. Of the total crop acreages, only 0.8 percent of the winter grain, 5.4 percent of the winter rape and 2.1 percent of the perennial forage crops had to be plowed under, which is well below the multiyear average. The acreage seeded to grain was 53.1 percent of the total crop acreage (the plan calls for 55.1 percent). The wheat acreage increased over 1982 by 119,000 hectares; the winter rape acreage, by 21,000 hectares; and the acreage of perennial forage crops, by 109,000 hectares. However, the acreage sown to pulses was lower by 2,000 hectares.

As a result of the improvement last year in the supply of feed and fodder, livestock production was able to realize the objectives of improving the livestock yields and maintaining a larger cattle population. The average daily milk yield per cow rose to 9.25 liters (as compared with 8.32 liters last year), which meant an increase of 11.6 percent in milk output over the first half of last year. The increase in the number of eggs per hen to 116.5 (from 114.8 last year) meant that total egg production rose by 4.7 percent. The socialist sector of agriculture raised 1.4 percent (13,000 head) more calves and 7.3 percent (315,000 head) more pigs than in the first half of 1982. After long stagnation or decline, also the average daily weight gains rose in the first half of this year: to 0.70 kg for fed cattle, and to 0.56 kg for fed hogs. But the considerable differences in average livestock yields by farms and regions still persist.

In the socialist sector of agriculture the cattle population increased by 78,000 head (or 1.6 percent) during the first half of this year over the same period last year; and the hog population, by 92,000 head (or 1.4 percent). But the poultry population declined by 766,000 head (or 1.7 percent).

The higher livestock yields were reflected in good fulfillment of the prorated procurement plan.

Procurement of Livestock Products During First Half of 1983

		<u>1982</u>	<u>1983</u>	<u>Index</u> <u>83/82</u>	<u>Annual</u> <u>plan, %</u>
Slaughter animals jointly	1000 t*	757	754	99.6	51.7
Slaughter cattle	"	351	341	96.9	51.8
Slaughter hogs	"	396	403	101.7	52.1
Slaughter poultry	"	106	114	107.6	49.5
Milk	Million liters	2,483	2,812	113.2	53.8
Eggs	Million	1,367	1,466	107.3	52.0
*Live weight					

Output in the food industry increased by 4.9 percent during the first half of this year over the same period last year, whereas the state plan's reference indicator anticipates a 1-percent increase for the entire year. Favorable fulfillment of the planned tasks was influenced by higher farm output and, as a result, by increased procurement of crops in 1982, and of livestock products in the first half of 1983. Higher outputs were achieved in the sugar, starch, distilling and wine industries, in the case of products made of fruits or vegetables, and in the dairy industry. In accordance with the plan, meat production declined by 0.7 percent. Poultry production increased by 10 percent. Total output of pasteurized milk increased by 5.8 percent; the output of cheese, by 4.7 percent; and of creamery butter, by 17.8 percent.

Forestry

Ten million solid cubic meters or 54.4 percent was fulfilled of the annual logging plan during the first half of 1983. Deliveries of timber totaled 8.7 million solid cubic meters or 50.2 percent of the annual target. Afforestation and reforestation totaled 44,000 hectares, 3,000 more than during the same period last year. The volume of incidental (salvage) cutting was 6.6 million cubic meters, of which 3.7 million cubic meters was processed within the framework of total logging during the first half of 1983.

Management of Water Resources

Supply of drinking water totaled 842 million cubic meters, 25 million more than during the same period last year. During the first half of 1983, the proportion of the population receiving water from public water-supply systems increased further to 72.9 percent. The proportion of the population living in homes connected to public sewer systems rose to 59.4 percent.

Transport and Communications

Transport fully met the economy's transportation needs. The shifting of traffic to less energy-intensive modes of transportation resulted in savings of fuel.

Public freight transport hauled 328.1 million tons of freight during the first half of 1983, 2.3 percent more than during the same period last year. The freight hauled by enterprise transportation increased by 0.6 percent. Public freight transport's share of the total freight transportation performances was

91 percent, including 75.2 for rail transport, 11.3 percent for the CSAD [Czechoslovak Automobile Transportation], and 4.5 percent for water transport. The share of the less energy-intensive modes of transportation within the total transportation performances increased by one percentage point over the same period last year.

Rail transport hauled 145.8 million tons of freight, 3.8 percent more than during the same period last year. Loading of rail freight totaled 124.0 million tons. Loading of the principal commodities was ensured in accordance with the plan, except for petroleum, tars, their derivatives, and industrial minerals. The turnaround time per freight car unit has been shortened. Favorable results were achieved also in the case of other qualitative indicators such as, for example, the average static load per freight car unit, productivity per line locomotive, and the increase of the share of electric traction. Absolute and relative savings were achieved in fuel consumption. In electric traction the specific consumption was reduced.

The volume of freight hauled by the CSAD was 176.3 million tons, 0.8 percent more than during the first half of last year. Overall specific fuel consumption was 0.9 percent higher than during the same period last year. This increase was due to higher specific fuel consumption in CSAD trucking. Specific fuel consumption in bus service did not change.

Inland navigation hauled 6.0 million tons of cargo, 11.3 percent more than in the same period last year. Steam coal transported by inland navigation reached 2.0 million tons.

Public passenger transport carried 1334.3 million persons, and the number of passengers increased by 7.5 million over the first half of last year. The CSAD transported 1128 million passengers; and the railroad, 205.8 million.

The Prague metro carried 137.2 million passengers during the first half of 1983, an increase of 4.2 percent over the first half of 1982.

The number of telephone subscribers increased by 47,000 over the number at the end of 1982, and thus there were 3,353,000 telephone subscribers on 30 Jun 83. The density of telephones has reached 21.8 per 100 population.

Foreign Trade

The total turnover of foreign trade was higher than what the plan anticipated. In trade with the socialist countries, the export and import tasks were overfulfilled.

The balance of trade with nonsocialist countries showed a surplus. But this surplus can be attributed to the curtailment of import, rather than to the expansion of export and the improvement of its efficiency. There was a shortfall in the fulfillment of the export plan to nonsocialist countries, particularly in engineering products.

The socialist countries' share of our total trade turnover at current prices was 77.6 percent. Mutual merchandise trade with CEMA countries during the first half of 1983 was 11.3 percent more than during the first half of 1982. Within this, mutual trade with the Soviet Union increased by 13.4 percent.

Development of Foreign Trade in First Half of 1983, At Current Prices

	<u>Jan-Jun 83</u> <u>Jan-Jun 82</u> <u>(percent)</u>		<u>Jan-Jun 83</u> <u>Jan-Jun 82</u> <u>(percent)</u>
Total export	107.4	Total import	108.8
Of which:		Of which:	
To socialist countries	109.6	From socialist countries	113.5
To nonsocialist "	101.3	From nonsocialist "	92.9

On the basis of the Complex Program of Socialist Economic Integration, cooperation with the socialist countries intensified. Czechoslovakia continued to participate in the construction of the Khmel'nitskiy nuclear power plant and the Mozyr' plant for the production of feed yeast, and it also cooperated on a number of other projects. A number of production specialization and cooperation agreements also are being realized within the framework of the Complex Program.

Standard of Living

The results in the economy's development provided conditions for further strengthening the attained standard of living.

The number of persons employed in the socialist sector of the economy (not including the JZD's [unified agricultural cooperatives]) in the first half of 1983 reached 6.72 million. This is an increase of more than 55,000 over the same period last year. The fastest rise in employment was in education, health care, and centrally planned industry.

Personal incomes and expenditures grew faster than planned. Total personal incomes increased over the first half of 1982 by 7.1 billion korunas, to a total of 190.3 billion korunas. Income from wages rose by 2.9 percent. The average monthly wages of a worker in the socialist sector of the economy (not including the JZD's) increased by 2.2 percent over the first half of 1982, to 2,730 korunas. The population's total cash reserves amounted to 234.3 billion korunas, of which savings deposits were 186 billion korunas.

On the whole the plan for increasing the retail turnover was fulfilled. Better supply of food products and increased demand for certain industrial goods were contributing factors.

The retail turnover (at current prices) reached 128.3 billion korunas, of which the turnover in food products was 62 billion korunas. In comparison with the first half of 1982, the retail turnover increased by 3.8 percent, and within this food sales increased by 2.3 percent; and sales of industrial goods, by 5.1 percent.

Supply of the market with food was continuous. The level of meat supply was good. Commensurately with the increased output and with fulfillment of the procurement plan, the supply of dairy products (butter, sour cream, whipping cream, whole milk, and to some extent also cheese) and eggs improved gradually.

Car sales rose by 9,000 over the first half of 1982. Sales of footwear, furniture, household supplies and sports equipment likewise rose. There was increased demand for the high-quality goods (glassware, porcelain and rugs) whose sale began in February of this year.

At local production and service enterprises and production cooperatives, the proceeds from paid services for the population in the first half of 1983, at retail prices, increased by 1.1 percent over the same period of last year. The (adjusted) output volume was higher by 4.2 percent. Deliveries to domestic trade during the first six months exceeded 9.0 billion korunas at retail prices.

In housing construction, 30,200 housing units (31.6 percent of the annual plan) were completed in the first half of 1983. Of the total number of new housing units, 5,800 were built by national committees, 14,000 by cooperatives, 900 by enterprises, and 9,500 by private individuals. Construction was started of 36,000 housing units. Realization of the tasks set for the modernization of the housing units is proceeding slowly.

Public consumption remains a constantly growing component of the living standard. Social security expenditures increased by 5.6 percent over the first half of last year, reaching 39.3 billion korunas. Pensions totaled 24.5 billion korunas; family allowances, 7.8 billion; and the balance, 7.0 billion korunas, was sickness insurance benefits.

The capacity of day nurseries increased by 119,200 cribs. Plant day nurseries, including the nurseries of JZD's, account for more than 27 percent of this increase. In the 1982-1983 school year, 715,000 children were enrolled in kindergarten, which is 87.8 percent of the children in the given age group. The number of apprentices totaled 410,900, including 52,500 in trades requiring secondary education. The number of students studying full-time or part-time in secondary schools was 461,500, and enrollment in higher educational institutions totaled 191,900 students.

The number of beds in medical institutions increased over the first half of 1982 and reached 192,300, including 121,300 in hospitals. The patient to physician ratio was 290.

During the first half of 1983, Czechoslovakia's population increased by 19,000. There were 54,000 weddings and 18,000 divorces. Births totaled 117,000. On 30 June 1983, Czechoslovakia's population was 15,415,000.

ECONOMIC PLAN FOR 1984 CALLS FOR FASTER INTENSIFICATION

Prague HOSPODARSKE NOVINY in Czech 17 Jun 83 pp 1, 4

[Article by Eng Vaclav Vertelar, deputy chairman of the State Planning Commission: "Requirement of the Preparation of the Plan for 1984: Faster Intensification"]

[Text] We are entering the second half of the Seventh 5-Year Plan. The results obtained so far in the implementation of the economic and social program of the 16th Congress of the CPCZ show that its basic tasks are basically being fulfilled. Successful efforts are being made in reaching the key goal of the party's policy, that is, to maintain and improve the quality of the population's high living standard reached so far and its social security even under the substantially more difficult circumstances. That is so because the economy continues to develop, even though at a more modest rate of speed, and the first steps have been taken to put the national economy on the path of intensive development, to bring about structural changes in production, in accelerating the scientific-technical development.

Results of the First Half of the 5-Year Plan

The economic development in 1981 and 1982 and at the beginning of this year shows that we managed to handle the new situation brought about by stagnation and decline of the inputs of certain important energies and materials, to stop the growth of indebtedness in free currencies, and to start on the path to its gradual decrease. This has been done while the economic situation in capitalist states kept deteriorating.

In harmony with the programs of the Seventh 5-Year Plan, we considered its first 2 years to be a period of temporary planned slowdown of economic growth. Our goal was to maintain the smooth flow and rhythm of the national economy, to deal with the problem of sharp reduction of the consumption of refined fuels, to reduce the disproportion between vegetable and animal production, to reduce the disproportionate volume of unfinished construction work in investment construction.

Industrial production increased 3.4 percent during the first 2 years of the 5-year plan. The structural development was primarily designed to provide for a growth of export capacity and for a decrease in demand for energy,

materials and imports. In harmony with that, the fastest production development was recorded in the electrotechnical industry (13.2 percent increase), and in the branches processing mostly domestic raw materials (5.1 percent increase in the wood-processing industry, 4.7 percent increase in the glass, ceramic, and porcelain industries). Implementation of the state target programs also helped to bring about effective structural changes. In contrast, there has been a decline in the share of production branches which are energy- and materials-intensive, primarily metallurgy and chemical industry.

In spite of the unfavorable consequences of a poor harvest in 1981, successful efforts have been made to provide for steady deliveries of basic food products on the domestic market. Agricultural production increased 2.3 percent in 1982 as compared to 1981, including a 9.6 percent increase in vegetable production, while animal production decreased to 97.3 percent according to the plan. Even though we managed to reduce the imports of grains used as fodder in 1981-1982 about 50 percent as compared to the average reached during the years of the Sixth 5-Year Plan, nevertheless we imported considerable amounts in excess of the assumptions of the 5-year plan.

In harmony with intensification programs, transportation requirements of the Czechoslovak economy decreased last year 1.8 percent as compared to 1981, when measured in terms of requirements of ton/kilometers per unit of the created national income.

Consistent long-term maintaining of the planned scope of initiation and partial improvement of implementation of the volume of work and deliveries in construction are reflected favorably in gradual reduction of the volume of unfinished construction work. The remaining amount of budget outlays for unfinished construction work was reduced more than 10 percent in the course of last year alone. However, certain shortcomings continue to exist in the entire process of investment construction. The most serious of these shortcomings are failures to put production facilities in operation within the planned time limits and in the planned parameters.

The requirements of the created gross national income in terms of energy decreased 2 percent in 1982 as compared to 1980, while the planned volume of savings specified in the state target programs for rationalization of the consumption of fuels, energy and metals was exceeded.

In evaluating the results obtained, one needs to start on the basis of criteria of demanding foreign markets. We cannot close our eyes when confronted with the fact that in a number of cases we failed to increase our export capacity, and that this is reflected in the prices obtained. We must keep rapidly improving work in the areas of technical level, quality, reliability, and in foreign trade activities. We must pay more attention to exports, because it is precisely this area which is not being taken care of adequately, although otherwise we carried out successfully the tasks of the plan both in 1981-1982 and in the first months of this year.

The results obtained in the development of the economy made it possible to provide correspondingly for the living standard. The average nominal monthly

wages of workers in the national economy (not including the JZD [unified agricultural cooperatives]) increased 3.8 percent in 1982 as compared to 1983 [sic] and reached Kcs 2,738, while the average month remuneration of a JZD worker increased 5.3 percent in the same period and reached Kcs 2,779.

The consumption of meat and meat products per capita amounts to 81 kilograms in spite of a certain decrease (of 4.6 kilograms) after adjustments of retail prices last year. As a result, the CSSR holds a leading place in Europe in meat consumption. The consumption of milk and dairy products increased to 239 kilograms, eggs to 324 units, sugar to 41 kilograms, butter to 8.9 kilograms. The consumption of some other foods has also increased as compared to 1980. The volume of durable goods held by the population has also increased.

Collective consumption of the population continues to remain a rapidly growing component of the living standard. This consumption increased 11.2 percent in 1982 as compared to 1980, including an 11.9 percent increase of expenditures for education and a 10.5 percent increase for health services.

In harmony with the concept of the Seventh 5-Year Plan, the plan for 1983 calls for strengthening of the positive trends of the last years, greater use of the actual opportunities and reserves of the economy, further progress of intensification, growth of efficiency, greater economy in all areas of the national economy, and on that basis for acceleration of the overall development dynamics.

Higher Dynamics and Efficiency

The results of the plan fulfillment in the first 5 months of this year show that we have achieved a higher rate of growth of creation of material resources, both in comparison with the development of last year as well as with the dynamics planned for the entire year. This applies especially to the growth of industrial production (index 103.2, plan 101.7), construction (104.2, plan 99.8), investment work and deliveries (110.5 for January to April, plan 97.6), animal production in agriculture, and other.

In industry, there was an increase of not only gross production dynamics, but also of adjusted own outputs, labor productivity, marketing production for final consumption, and other indices. However, we cannot overestimate the positive trends. This is so mainly because they take place partly in those directions and areas where it is not desirable to exceed the plan at any cost.

Deviations from the structural designs of the plan occur in production and marketing. Production in excess of the plan goes mostly to consumption for production purposes and to reserves, not to the main trends of final consumption. Higher deliveries for export to nonsocialist countries (the January-April index is 104.8 percent) were achieved at the cost of considerable structural shifts among principal suppliers. The planned dynamics was exceeded significantly in branches of industry which are raw material- and energy-intensive and in which the degree of processing is low (fuels and power, metallurgy, chemical industry). These trends cannot continue, and one must

concentrate on the fulfillment of export tasks, especially in mechanical engineering, and on increasing the value of exported products in all branches of industry. That is the only way to provide the means needed for imports of raw materials, other materials and machinery.

In this connection, the CSSR Government issued instructions in discussing the present fulfillment of the plan that steps must be taken to make sure that the process of exceeding the planned industrial production of 1983 is accompanied by consumption of fuels, energy and raw materials as planned, and that deliveries to the USSR are mainly increased (to provide for imports of fuels, raw materials, and other products), arrangements for payments to non-socialist states improved, and that we concentrate on obligatory constructions on the assumption that they will be put in operation promptly.

One must stress again the fact that it is not a question of exceeding the plan of any production at any price. We cannot produce in order to put the products in storage, or produce goods of low quality, goods which are not sold advantageously, which consume a lot of energy, imported raw materials, and so on. That is why increasingly more important factors are the structure of production, its quality, efficiency in production and utilization, and therefore also good increase of value on the domestic market and on the foreign market.

We must continue to pay great attention to savings of fuels and energy, and to continue developing the results of collective checking on the handling of fuels and energy. The process of supplying fuels and energy to the national economy and to the population this year is smooth and satisfactory. It is the result of efforts to bring about savings in all branches, of good results in extraction, particularly extraction of brown coal, and also the result of favorable climatic conditions in wintertime. One cannot be satisfied with the fact that "there are no problems" at present in the supply of fuels and energy. It has cost, costs, and will cost a lot of means and dedicated work in the extraction of coal, in the construction of mining facilities and facilities for the production of energy. That is why it is necessary to increase savings even more and thereby provide good conditions for the forthcoming years. The conditions for it are better today, because "it is always easier to save, when there is something to save."

The present development in agricultural vegetable production is favorable, and one can expect good crops.

An analysis of the development of animal production during the first 4 months of this year shows that resources in terms of fodder obtained by agricultural enterprises from their own harvest and from imports not only fully cover estimated needs, but also make it possible to exceed the plan of production and purchases of animal products.

The time plan of purchase of slaughter animals was exceeded in 5 months by 3.4 percent; poultry, 5.9 percent; milk, 7.1 percent; and so on. But what applies in industry applies also in animal production. Here again, it is not good to exceed production indiscriminately. Even here, one must put emphasis on

indices of effectiveness. The number of poultry and pigs must be in harmony with the amount of fodder and with the planned tasks of the recent years of the 5-year plan, and steps must be taken to improve utility indices. So far, this has not been done in all areas of the state. Even in agriculture, it is necessary to create the necessary reserves and supplies of fodder for next year. One cannot count continuously on imports of grains from nonsocialist countries for use as fodder. To keep reducing losses in all stages of agricultural production and to further increase the value of agricultural production in the food-processing industry, that is a trend which must be the basis for our efforts for the next period as well.

Generally good plan fulfillment results are also reflected in further consolidation of the living standard achieved so far. Monetary receipts and expenditures of the population show a faster growth than planned. However, we are not getting the necessary rate of growth of retail turnover and services. One has to pay more attention to maintaining the planned relationship between the growth of labor productivity and average wages. The importance of this task was also emphasized by Comrade Gustav Husak, general secretary of the CPCZ Central Committee, at a municipal conference in Prague: "The development of the productivity of collective labor is the key question of economic development. If there are no provisions for its necessary growth, there can be no growth of wages, which is necessary, and there can be no means which are necessary for social measures or for further development of the economy. That is why it is necessary to watch systematically the development of labor productivity, to take care of its growth, and to remunerate always according to the work performed."

The retail turnover of the main commercial systems increased 2.6 percent in 5 months. Offers of certain types of commodities in short supply have improved. There has been also an improvement in the supply of dairy products (cream, whipping cream, soft cheese); large and vegetable fats.

As compared to last year, sales of passenger cars have increased significantly (22,430 cars in the first 4 months of 1982; 33,259 cars in the same period of 1981), and the same applies to sales of gasoline in the first quarter of the year (an increase of 11,500 tons, i.e., 7.3 percent).

Sales of high-quality products (glass, porcelain, carpets) were introduced since February. The population was very interested in them.

Tasks for Next Year

The results of plan fulfillment in the first 2 years of the Seventh 5-Year Plan and in the first months of this year show that we have enough manpower, means and reserves to fulfill the planned tasks and even to overfulfill them in desirable directions.

One cannot relax in the process of implementing the basic task of the 16th CPCZ Congress, that is, the task of bringing the national economy to the road of intensive development, bringing about the necessary structural changes, accelerating scientific-technical development. On the contrary, whenever

organizations are still lagging behind, they must make greater efforts. It is necessary to create significant prerequisites for it right now, during the preparation of the 1984 plan.

The CSSR Government has decided right at the time it approved the 1983 plan that in harmony with the "Set of Measures Designed to Improve the System of Planned Management of the National Economy," the starting point for the preparation of the 1984 plan will be the approved Seventh 5-Year Plan, or its tasks for the fourth year of the 5-year plan, with the understanding that the tasks, particularly those in foreign trade, will be specified more precisely after evaluation of the measures designed to provide for the 1983 plan.

The CSSR Government approved in the last few days certain specifications of the tasks, principles and procedures for the preparation of the 1984 plan. It decided, among other things, that it is necessary to proceed according to the following principles, to the extent that some rather basic deviations have occurred as a result of the past course of implementation of the 5-year plan, deviations which change rather significantly the starting base of the plan for next year:

--When the qualitative tasks of the 5-year plan are not carried out, it is necessary to create conditions to make up for the delay in the course of the previous development.

--In those sectors where the tasks of the Seventh 5-Year Plan are being exceeded in terms of increase of production efficiency, it is necessary to make sure that the present rather favorable results be projected in the form of counterplans in midyear improvements, at least to the extent assumed in the 5-year plan for 1984. This applies, for example, to tasks in the process of reducing the share of overall costs and of the share of material costs in adjusted outputs. The level of these outputs is to reach the level, considered according to the 5-year plan for 1984, as early as in the 1983 plan. Similarly, it is necessary to continue the substantially more favorable development in the process of reducing the transportation requirements of the development of the national economy in 1982, and to provide for further progressive development in that direction, and so on.

--In the process of providing for certain quantitative tasks which ensure the implementation of the goals and tasks of the Seventh 5-Year Plan in terms of satisfying the most important final needs of the society, especially with regard to deliveries for industrial production of line consumer use, it is necessary to respect the basic priorities and conceptual programs of the 5-year plan, the purpose of which is to maintain the achieved living standard of the population, while reestablishing the balanced development of external economic relations. This makes it necessary to primarily orient the growth of production and deliveries in terms of a maximum increase of export capacity and maximum provisions for reaching the planned level of personal consumption. On the other hand, one cannot allow further excessive overall investment construction, and it will be necessary to provide more consistently for planned programs designed to reduce the volume of investments.

In a similar way, it is necessary to strive to maintain and possibly also to further reduce the increase of reserves which was determined in the 5-year plan.

If the level of creation of resources is to be achieved as anticipated in the 5-year plan, it will be necessary to speed up the dynamics (this ensues both from the concept of the Seventh 5-Year Plan and from a lower level of creation of resources specified in the executory plan for 1983, as compared to the assumptions of the 5-year plan).

For orientational purposes (these are not obligatory tasks), it is assumed that in 1984 the economy will achieve dynamics as shown in the table.

Dynamics of the Development of the National Economy in 1984		Indices		
		1982- 1981	1983- 1984	1984- 1983
Social product (1977 prices)	a)	100.5	102.1	102.6
	b)	100.8	100.9	103.6
Gross industrial production (1977 prices)	a)	100.5	102.9	103.6
	b)	101.2	101.7	104.1
Gross agricultural production (1980 prices)	a)	103.2	101.5	101.2
	b)	102.3	101.5	101.3
Volume of construction work carried out by building organizations (1982 prices)	a)	95.8	102.9	101.8
	b)	95.9	100.2	104.4

Notes: a) According to the approved Seventh 5-Year Plan
b) 1981, 1982 actual figures; 1983 annual plan; 1984 tasks of the Seventh 5-Year Plan.

Since one can realistically assume that the production plan will be exceeded in 1983, particularly in industry and construction, the dynamics planned for 1984 will be lower, and therefore the production growth will also be smoother (while the planned absolute level of production will be maintained in 1984, and the production level in 1983 will be higher than assumed under the plan).

The conditions necessary for accelerating the development dynamics are being created with regard to fuels and energy resources, even though there are certain deviations in the application of the plan as compared to the 5-year plan. Accordingly, one can expect that domestic consumption of primary fuels and energy resources will amount roughly to 105 million tnp [tons of standard fuel], that is, approximately 1 million tnp more than assumed under the Seventh 5-Year Plan for 1984. Nevertheless, this is essentially a considerable increase as compared to the plan for 1983, after a stagnation in the last years.

One has to subordinate the dynamics and volume of creation of resources to the corresponding growth of effective use of the production. Considerable

requirements will be made especially in terms of taking care of priorities, particularly exports to nonsocialist countries.

With regard to other types of usage, according to the 5-year plan it is not expected that in 1984 there would be a rather significant increase of deliveries as specified in the 5-year plan (a 1.9 percent increase of deliveries to the marketing fund, a 1.3 percent increase of investments). Therefore, the acceleration of the dynamics of industrial production will depend especially on the question of what extent we will manage to provide for faster growth of exports.

The programs of the Seventh 5-Year Plan can be used in principle as a basis for the preparation of the investment construction plan. Adjustments have to be expected in the scope of initial construction work. In order to maintain the development of unfinished construction work in harmony with the 5-year plan, it will be necessary to decrease to a certain extent the volume of initial construction work in 1984 as compared to the original assumptions of the 5-year plan. This is necessary because of the growth of budget outlays as well as the amount of unfinished construction work which continues to be large and makes it impossible to concentrate the necessary facilities on obligatory key constructions, and also because there is continuing pressure to import construction facilities and bring in foreign specialists, the argument being that the capacity of Czechoslovak construction enterprises is inadequate.

It is expected that a reduction of the volume of initiation of construction work next year as compared to the Seventh 5-Year Plan will be handled during the preparation of the plan in cooperation with the given ministries in such a way that it would be possible to increase the concentration of project preparation to the minimum possible volume of newly initiated constructions, and to influence negotiations between suppliers and buyers.

Procedure in the Preparation of Plans

The resolution of the CSSR Government on the Seventh 5-Year Plan has provided that starting with the drafting of the plan for 1984, wholesale prices will always be determined and their changes within the framework of price development announced before the end of May of the preceding year, so that the drafts of executory plans for the following year could be processed by the given organizations in terms of new wholesale prices and new rates of internal balance accounting for reproduction prices, including computations of price differentials.

However, in preparing the state plan for 1984, it is necessary to deal, in addition to substantive problems, with the fact that the adjustments of wholesale prices in 1984 will be very substantial and broad. According to preliminary computations, it is expected that the overall price level (in terms of wholesale prices) will increase 6.3 to 7 percent.

If the state plan and the state budget for 1984 were worked out in new prices without verification of price differences, under the circumstances the result

would most probably be an imbalance of resources and requirements both in the plan itself and in the state budget, with all the consequences in the application of the plan in terms of wages, investments and so on.

In view of these facts, the operations are organized in such a way that at all management levels the proposals of the plan for 1984 will be worked out during the first stage in 1983 prices, and during the second stage in 1984 prices, based on balance accounting of the price differences.

Enterprises are to submit proposals of the plan in 1983 prices by 5 July, economic production units by 2 August, and central organs by 31 August.

In harmony with the principles formulated in 1980 by the CSSR Government and by the Central Council of Trade Unions, an important prerequisite for the preparation of high-quality plans is that the working people participate even more consistently than before in the formulation of the plans. According to these principles, counterplanning is the basic form of participation of the working people in the formulation of executory plans. The purpose of counterplanning is to exceed particularly the qualitative tasks of the 5-year plan in the proposals of the annual plans, without exceeding the limits and means delimited by the 5-year plan, in other words, by utilizing all resources more effectively. Detailed procedure for the application of counterplanning, including the use of economic incentives, was determined by the State Planning Commission, the planning commissions of the republics, the Federal Ministry of Finances, and by the Federal Ministry of Labor and Social Affairs, after the matter had been discussed with the Central Council of Trade Unions as early as in 1981. The viewpoint of the secretariat of the Central Council of the Trade Unions and of the State Planning Commission, dated 1 June 1983, centers on improvements of the quality of counterplanning for 1984.

The present issue is how to apply fully the given principles and thereby provide for the next significant step in the development of the economy, and how to carry out the conclusions of the 16th CPCZ Congress.

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CSO: 2400/348

CC CPCZ DEPARTMENT HEAD COMMENTS ON 1983 HARVEST OUTLOOK

Prague HOSPODARSKE NOVINY in Slovak 1 Jul 83 pp 1, 4

[Article by Julius Varga, CPCZ Central Committee department head: "We Are Starting the Harvest"]

[Text] In the current, more challenging situation of the economic development food and agricultural raw materials are playing an increasingly vital national economic role and their improved production is one of the main preconditions for maintaining and further upgrading our people's high standard of nutrition and general lifestyle. It is, therefore, more and more imperative to implement the decisions of the 16th CPCZ Congress and of the Fourth Plenum of the CPCZ Central Committee, adopted for the purpose of increasing our self-sufficiency in the production of food and agricultural raw materials.

Total results for the past 2 years have demonstrated that under the leadership of our party organs and organizations, workers in our agriculture and in the food industry are taking considerable pains to improve that balance. Last year in particular was very meaningful in terms of the further development of our agriculture. Thanks to the concerted efforts and efficient support of our entire society, numerous problems have been successfully overcome, the dynamism of production restored and advantageous results achieved in several sectors. The consequences of the unusually unfavorable year of 1981 were successfully overcome, mainly in terms of fodder supplies; structural changes in livestock production were introduced and gradually implemented, particularly in their orientation toward expanded cattle raising. A path toward better utilization of motor and other fuels, energy and grain fodder was opened. After a long time, our crop production overtook livestock production, especially in sectors where in the past years we had been encountering considerable problems and shortfalls in production, i.e., sugar beets, potatoes, bulk fodder, fruits and vegetables. Concern about the production and utilization of our land fund increased, and expropriations, especially of top-quality arable lands, were reduced.

An improved system of planned agricultural management was applied and found correct; despite certain weak points it plays an important role. Higher efficiency of economic policies and auspicious fulfillment of the tasks in production and procurement helped noticeably improve economic achievements in organizations of the agricultural and food sector. Planned outputs, including

exceptional yields, were fulfilled 101.8 percent and planned incomes were exceeded more than Kcs 2 billion. Especially positive is the fact that the growing profitability of agricultural production in the JZD [unified agricultural cooperatives] and state farms and the achievement of planned profits enabled most agricultural enterprises to grant substantially larger subsidies to all funds and, thus, to provide the preconditions necessary for the further development of production.

Sound Foundation for This Year's Harvest

The course launched with the aim of intensifying and improving the efficiency of production, material and technical supplies and resources of production laid sound foundations for successful achievement of the tasks for this year. A sound foundation for a good crop harvest had been laid last autumn when the soil was prepared and winter crops sown on an area of nearly 1.5 million hectares, or 90,000 hectares more than in 1981. It is especially advantageous that the share of winter wheat, whose yield is our best bet, has been expanded and that, after a relatively mild winter, substantially less winter grain, rape and multiannual fodder crops had to be plowed under than in previous years.

In general, sowing operations in the fields were completed with flying colors. Despite difficulties during the first weeks in the spring most of the sowing of spring grain crops and sugar beets and planting of potatoes and other crops were completed according to the agrotechnical schedule and with good results. Less satisfactory is the fact that the plan for sowing on acreages particularly of grain crops, legumes and flax has not been fulfilled in certain districts and krajs. Although according to the principles of the improved system of planned management, cultivated area does not represent a mandatory indicator of the plan, agricultural enterprises and managing echelons must constantly consider the possibility that in case of inclement weather--as we have learned on many occasions in past years--the planned high yields cannot be produced on smaller areas and consequently, the production tasks cannot be fulfilled nor yields achieved.

The positive trends in livestock production which began last year continues, especially in terms of more accelerated orientation toward the development of cattle production, the growth of utility value and economical utilization of fodder. There are more cattle, milk production is rising, the production and total weight of slaughter animals have increased. The achievements in livestock breeding and fattening have improved. The production and procurement of milk are progressing well; the shortfall dating back to the first 2 years of the Seventh 5-Year Plan has been eliminated and 150,000 million liters of milk above the plan were procured by the end of May. The tasks in the procurement of all types of slaughter animals and eggs are being overfulfilled. No less significant is the fact that good achievements in livestock production have been achieved with lower consumption of grain fodder which declined below the level of the preceding years in all main products in 1982, and, with the exception of milk, also in the first quarter of 1983.

Good fulfillment and overfulfillment of the tasks in the production and procurement of livestock products as well as the fulfillment of tasks in our

food industry have provided excellent preconditions for continuous supplies of food to our market. The structure and line of goods were upgraded and the disproportions between offer and demand for certain kinds of food have been corrected.

For More Economic Management

Although development has been positive on the whole and the tasks in the production of crops and livestock fulfilled, we cannot slacken our attention to problems of economy in production, which concerns, above all, implementation of conservation programs in the management of motor fuels, especially crude oil, and other kinds of fuels and energy. The results of a societywide experiment have shown that the fulfillment of tasks must be approached more ingeniously and comprehensively and that conservation is possible. Thus far, practical programs in transportation, technological processes, related production, etc. are partial in character and fail to offer adequate solutions to general problems. Obviously, long-range comprehensive programs must be planned to predicate savings on rationalized consumption, rather than on restricted operations, and to correlate methods of conservation more efficiently with economic incentives. In the same way, fertilizers and chemical products for crop protection must be used very prudently because our national economy has very limited opportunities to cover the needs more extensively.

Our agricultural enterprises and organizations of agricultural management must center their interest on consistent and continuous observation of the mandatory policy concerning the use of grain fodder. No agricultural enterprise should expect additional allocations or loans from state funds. They must, therefore, do everything to make their supplies last until the new harvest. Because green fodder of good quality is precisely at this time in adequate supply, it must be used as much as possible and, furthermore, policies for control of the livestock situation must be implemented in accordance with the supplies of fodder. In this conjunction, our agricultural industry must cooperate better with our basic agricultural production, particularly in the timetable for livestock procurement.

The harvest of multiannual fodder crops, grass and winter aftercrops is generally good but we must not relax our efforts to harvest every area, including those hard to reach with mechanized equipment. In such cases, especially the sponsoring industrial plants, national committees and citizens must demonstrate efficiency in organizing and helping with harvesting and transportation. This year we have an unprecedented opportunity to stockpile sufficient supplies of good-quality hay, preserved hay for fodder, and protein silage not only to cover this year's needs but also to store some reserves for future years. This calls for the application of advantageous experiences with comprehensive implementation of harvesting and transportation techniques when harvesting grain and fodder crops, and for efficient cooperation as well as overtime work and double shifts.

Preparation of Work Forces and Technology

The most urgent task these days is preparation for the harvest and its completion. The plan calls for the production of 11 million tons of grain this year, more than 10 million tons of which are the basic types. This is not a negligible task, however, our further progress in raising our self-sufficiency and laying a sound foundation for satisfactory fulfillment of our tasks in future years depends essentially on its fulfillment. For that reason, we put so much stress on good preparation and completion of this year's harvest, which must become the focus of attention not only of our agricultural enterprises and management but also of our party organs and organizations. Our joint goal must be to know how to achieve a harvest of the crops commensurate to the labor involved in it and to all preceding efforts. The most important task for the coming days is to harvest the crops promptly and with the least possible waste.

Thus far, the growing vegetation indicates that the harvest everywhere will begin earlier than in past years and, therefore, we must not let ourselves be caught by surprise when preparing for it. At present, the growing crops look relatively thick, tall and in some places matted, which indicates that the harvest will need many workers and much technology. The decisive factors for a rapid and successful grain harvest and other related operations are well prepared work forces and the most efficient deployment and use of harvesting and transportation technology. Especially training of work forces who will organize, manage and operate the entire process of harvesting must follow exceptionally high standards. Every worker must become familiar with his tasks and duties, his specific responsibility must be spelled out, and the necessary material and technical preconditions and incentives must be offered to him. Every agricultural enterprise must provide the best possible working conditions and comprehensive care for combine crews, workers transporting the crops to postharvest processing centers and storage, and for all workers engaged in harvesting operations. Rewards and bonuses must be efficiently handled to stimulate the workers, who should be expeditiously acquainted with such programs.

Particular attention must be focused on the preparation and the best possible utilization of all technological equipment. Almost 18,000 combines, or roughly 400 more than last year, are available for the harvest of basic grain crops on an acreage of more than 2.4 million hectares. At the same time, their structure was upgraded and the share of the most efficient models, mainly E-512 and E-516, are expanded. It means that each combine will be used in cooperation and operate on an average area of 105 hectares of cultivation, which promises that the harvest will be expeditiously and promptly completed.

Of course, cooperative assistance must be provided to the extent agreed upon and machinery must also be efficiently transferred with regard to fuel consumption.

Organization and Management of the Harvest

This year we emphasize in particular a prompt start of the harvest, mass implementation of comprehensive, streamlined and continuous methods of grain

and straw harvest and other operations, in order to advance without difficulty to field work in the autumn. Mutual technological assistance must be organized in smaller territorial units without unnecessary long transfers; railroad transportation must be used whenever possible. The management of the operations and the use of technology must be contingent on the necessity that every machine and whole teams of workers be deployed in spots where the need is the greatest, that unnecessary idling due to flaws in labor organization be prevented and that the work of whole teams, which determines the results of this year's harvest, be perfectly coordinated.

This year, again, our agricultural enterprises could not operate properly without the efficient aid and assistance of their sponsoring enterprises, transport organizations and national committees. Grain and straw in particular must be removed from the field to prevent bottlenecks which impair the continuity of harvesting and other operations. Cooperative use of balers and other technological equipment must be organized everywhere to speed up the collection of straw so that the harvested fields may be expeditiously prepared for postharvest sowing of fodder mixes. Particularly this year, when the harvest is expected to start at an earlier date, the preconditions for achieving guaranteed higher yields of crops for green fodder and fertilizing seem excellent.

All resources must be mobilized these days to finish the repairs of technological equipment. Problems have cropped up in purchase and delivery of spare parts and it is, therefore, imperative to repair parts whenever possible and to take advantage of the assistance of industrial enterprises and sponsoring plants. Labor initiative must also be stimulated in the direction of flawless preparation and use of technology and toward policies for rationalized fuel and energy consumption. This year's harvest must never strive for impressive achievements alone but, above all, for high quality of work, minimum losses and good management.

No less attention must be focused on economy as regards grain and its treatment and storing. The construction of drying facilities and storage has made that possible. Natural final drying, particularly of malt barley and of grain for our food industry, must be particularly emphasized this year, and high-grade fuels and energy must be conserved for other purposes.

The organization of harvest operations must inevitably become the main facet in the daily work of management and nothing must be left to chance. Highly efficient work of our party and state and economic organizations, and the determination of our agricultural workers will guarantee that this year's harvest will be successfully completed and, thus, we shall advance another step forward to greater self-sufficiency in our food production.

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JANZA CHASTISES PLANT DIRECTORS FOR FINDING EXCUSES

Prague HOSPODARSKE NOVINY in Czech 24 Jun 83 pp 6-9

[Interview with Vladimir Janza, minister-deputy chairman of the State Planning Commission, et al, by Miroslav Kana and Jan Prochazka; date and place of interview not given]

[Text] Three years ago, on 31 January 1980, the federal government adopted its resolution No 42, the Set of Measures for Improving the Planned Management System of the National Economy After 1980. Perhaps not enough time has elapsed since then, but we nevertheless believe that the first results of the functioning of the Set of Measures can now be evaluated. From many interviews we have learned that the Set of Measures is not functioning the way it was expected to function. From the central organs one hears the criticism that economic practice has not yet digested the Set of Measures, and that the enterprises are striving to dress up the old practice in a new coat. The enterprises on their part complain that the center still places emphasis on volume indicators, and efficiency still has not become the primary consideration in decision-making. These are the principal comments. Where does the truth lie? What have been the results to date of the functioning of the Set of Measures? Therefore we have arranged an interview on the questions of national economic planning under the present economic conditions, on the functioning of the system of economic indicators, and on increasing productivity and efficiency in the Czechoslovak economy.

National economic planning was the main topic of the interview with the following officials: Jaroslav Dusek, economic deputy director of Poldi in Kladno; Engineer Vladimir Janza, minister-deputy chairman of the State Planning Commission; Dr Josef Jezek, economic director of the Aero Economic Production Unit; Engineer Milan Sedlak, economic deputy director of Elektrodobyty in Prague; and Engineer Vilem Strnad, former official of the Hutni Druho-vyroba (Metallurgical Processing) Economic Production Unit.

Change Gradual

[Question] The purpose of the Set of Measures has been a change in the approach to planning so as to improve the efficiency of the economy's development, to begin implementing certain structural objectives of the state plan,

and in the final outcome to raise our economy's productivity. By way of an introduction, Comrade Minister, could you characterize to what extent we have succeeded in achieving these concepts and objectives during the 2.5 years that the Set of Measures has been in effect?

Janza: In its planning part the Set of Measures represents an essential change in the indicators of the state plan, specifically a changeover from gross output to value added, and also emphasis on the indicators that determine the incentive wage components, such as profitability based on production assets, the structure of sales, etc. This, in my opinion, has been the most significant change in the area of planning.

On the other hand, these changes have required, and are requiring, substantial modifications in the methods of planning. I have in mind changes of a nature such that the plan's indicators must be demanding and substantiated. Understandably, this is not something that can happen overnight. It takes time also because people have their ingrained habits, practices and routine. Changeover to other work methods, to more thorough substantiation of the plan's indicators, is not a simple matter, neither at the central level nor in the economic sphere.

The point, of course, is to gradually perfect the work methods. For planning is not done solely by the State Planning Commission. One of the weak spots in our planning, I believe, is in deriving from the state plan--or as we say, elaborating it into--the organizations' economic plans. By this I do not wish to contend that at the central level everything is in the best possible order and that there changes are unnecessary in the practices and methods of planning and in the approach to it. But the way in which the state plan gets into the economic plans--i.e., from the ministry to the economic production unit, and also from the economic production unit to the enterprise--is one of our weak spots at present.

At the same time it is regrettably true in general, I believe, that the questions of efficiency have not yet prevailed in planning, and the number of pieces, kilometers, tons and volumes are still the dominant. The questions of how we use material and how much value we add to it, how we utilize fixed assets and with what labor productivity we are producing are still not in the forefront of our attention. Therefore I must say quite frankly that although there are favorable results in comparison with the past, lately we cannot be satisfied with what we are achieving in these areas.

[Question] If we look at the results last year we find that national income is essentially stagnating, despite a relatively rapid rise of adjusted value added [AVA] performance. Is this not an indication of a certain imbalance in the functioning of the Set of Measures?

Janza: We have changed from gross output to value added. In spite of this the enterprises are saying that this is not true, and that gross output remains the decisive indicator, especially for the higher organs. But even economists at the enterprises are contending that they are fulfilling the plan, as it is customary to say, when they are fulfilling a single indicator--value added. However, the economy cannot be defined by a single indicator, some type of value added. We must express economic activity by means of several indicators and only on the basis of their comprehensive evaluation can we draw a conclusion as to whether the plan has or has not been fulfilled.

At the same time the economic sphere is satisfied with how the value added plan is being fulfilled and exceeded. Last year it was exceeded by some 3.5 billion korunas. However, the planned value added is not always being exceeded through more effective use of material and fixed assets and through higher labor productivity, but in other, easier ways. At one time there was production cooperation merely to increase gross output. But now cooperation is being dismantled, whereby value added is actually being fulfilled and exceeded. This generates wages payable. From the economy's viewpoint, however, it is necessary to investigate whether these wages payable are offset by goods on the market, and such goods are not created by curtailing production cooperation that is inexpedient.

[Question] In a way this is a challenge for the enterprises.

Dusek: At our enterprise and in the Hutnictvi Zeleza (Ferrous Metallurgy) Economic Production Unit we welcomed the change of criteria for planning and the evaluation of plan fulfillment; naturally, tied in with this was also the change of the criteria for remuneration. Understandably, this was also a matter of change in the mentality. Earlier the people at the plants thought primarily of what they wanted, regardless of cost. But now--and I can say this from personal experience--they stop to consider energy consumption or the use of machinery capacity. In other words, efficiency is definitely being pursued.

But the point is that this efficiency or AVA runs up against a number of problems. Essentially we calculate the AVA indicator. We establish output and material costs quantitatively--we take the report for the past period, subtract the task of reducing material costs and thus obtain the consumption of materials--and in the income statement we calculate the AVA indicator. We then fulfill the value added plan, in the case of ferrous metallurgy, with a product line of metallurgical products. But we still lack a standardized expression of AVA.

But just as we use wholesale pricing of our products, we should be using also standardized value added, arriving in this way essentially at a product mix enumeration. Let us assume that for 1981, 1982 and 1983 we report a rise in AVA, labor productivity based on AVA, and profitability, but we have in this rise the effect of lower material costs. It contains also the effects of the production volume, and of the product mix as well. If AVA is not calculated by means of standardized value added, the composite AVA indicator completely eliminates the effect of the product mix. It is possible to fulfill AVA simply by increasing the volume. Then the material--either as the number of pieces, cubic meters or, in our case, tons--is directly equated with AVA.

Janza: But I do not see the introduction of standards as the solution. This, in my opinion, is a very complicated matter, because 10 million prices would require 10 million standards. I admit it is necessary to consider substantiating the employed indicators with the ways in which they are to be fulfilled, so that not every increase in value added--for example, as a result of raising prices--will always be judged as favorable.

You at the enterprise level should clearly know what proportion of the total rise in value added is caused by the product mix and the changes in it, and what proportion is due to the growth of production or to technological

development. For the time being, of course, you cannot substantiate economic indicators in this manner. These are the qualitative changes anticipated in the methods of planning.

Jezek: I think that a detailed product mix enumeration of the entire plan, as this is usually done, would be technically unfeasible not only from the viewpoint of the State Planning Commission and branch ministries, but in a number of instances even from the viewpoint of the economic production units. On the contrary, the number of the plan's aspects—I am intentionally avoiding the word "indicators"—should be limited. The present system namely leads to one thing: we often are not managing but are fulfilling indicators. We are more or less forced to do so by the entire pleiad of indicators: we must fulfill them if in the current year we are to pass through the screen, so to speak. We avoid one problem, but automatically encounter another.

Janza: I am not entirely convinced of this. The plan's indicators express real economic processes, the creation of resources, their allocation and use. The degree of precision with which the appropriate indicators express this process might vary, but that can be corrected.

Jezek: I come up against this daily, in contact with the enterprises. They are striving to solve the situation not from the viewpoint of economic efficiency, but from the viewpoint of fulfilling the tasks set by the plan.

Dusek: I agree with Comrade Jezek in that we are unable to plan in such detail and therefore should consider how many decisive indicators ought to be included in the State Planning Commission's breakdown of the plan by ministries, economic production units, and enterprises. In my opinion, it should not be necessary to break down the entire set of indicators. It would be sufficient to break down five or six basic indicators plus the basic material flows. In this horizontal position—i.e., in their supplier-user relations—the enterprises would certainly find their expression. In other words, two solutions are possible: either to plan in detail; or to manage on the basis of the year-to-year progression, of the year-to-year growth, which essentially means managing efficiency, and to leave the rest to the economic production units and enterprises.

How Many Criteria Do We Have?

[Question] With this we have arrived at a serious problem. Namely the enterprises frequently complain that there are too many indicators on the basis of which they are being evaluated.

Jezek: I personally feel that if the financial plan, together with its individual components, is the main criterion, then this part of the plan must be limited practically to only what is basic, which means AVA, profit, and profitability in relation to production assets. These are decisive.

Janza: What else do you get in your breakdown?

Jezek: Ratio indicators, which means a ratio of material cost to total output and a ratio of total cost to output. And that sometimes is truly a temptation to commit irregularities. Most people are living in the misconception that

there is an equation mark between material costs and the consumption of materials. That is not true at all. Material costs are influenced by a number of factors that have nothing to do with materials.

[Question] Could you illustrate this on an example?

Jezek: Cooperation on technological development between organizations is charged to material costs. The material costs can be reduced, for example, by financing directly from the economic production unit the cooperation on technological development between enterprises belonging to the same economic production unit. In this way I am able to report savings in material costs when actually I have not saved anything.

Another example. Of two enterprises, one makes final products. Because it assembles, its material cost is roughly 0.70 to 0.80 koruna. The other enterprise is a machinist whose cost is 0.35 koruna. When the final producer's output increases dynamically and the machinist cuts back a bit, the cost increases even though the actual material costs are declining. When growth is reversed, the opposite situation arises, perhaps without anyone deserving credit for it.

Dusek: Economic production units and their enterprises ought to develop on the basis of social demand, which has nothing in common with planning by the index method. Instead it is related to the need to produce a social result that can be expressed as national income or net material product.

Social demand would be determined by five or six plan indicators. When the economic production units and enterprises fulfill the indicators, this demand should ensure that the state budget will have revenue, resources, and the ability to finance. It should be left up to the enterprises how they will ensure fulfillment, whether by reducing the technical and economic consumption norms, or by changing over to another product mix that is desirable. Instead of ordinary carbon steel, we would make, say, high-grade alloy steel, thereby producing more utility value for the machinists. They in their turn would use only 80 kg of this steel, instead of 100 kg, per product. Or if they used the 100 kg, they would improve the parameters of the given product 1.5-fold. I do not believe that there exists some equation or model that would be able to plan this case. Therefore let us define the state plan's tasks for the ministries and economic production units and leave the rest up to the enterprises.

Sedlak: I regard the product mix effects as a magic formula. You will notice that when they are used as arguments, in the overwhelming majority of the cases they are presented as deteriorating effects, in conjunction with a request to reduce the plan or to tolerate its nonfulfillment. Such objectivity that sees only the dark side of things is of little avail to us. And in the product standards, regardless of what they are based on, it is possible to conceal a good many things. Not to mention that a plan drafted on the basis of an accurate product mix and accurate standards will no longer be a plan, rather an expected outcome. After all, the plan must contain something that is not yet entirely clear but is what society needs. Of course, there should be a certain balance between subjective wanting and what is objectively known at the given time. Let us call it the quality of the plan, the tightness of the plan or, according to the old usage, "a demanding but realistic plan"--or whatever. But this is a way out.

Janza: Comrades, you are continuing to operate here with a large number of indicators. I am obliged to point out that, according to the regulations, there are about seven indicators that are decisive for evaluating plan fulfillment

Dusek: . . . There are eight indicators for the evaluation of plan fulfillment, and two or three of them differ for current--i.e., monthly and quarterly--evaluation of plan fulfillment. Thus we have in all about 10 indicators. In addition, we have about 25 or more mandatory indicators of the state and economic plan. Then for enterprise incentives we get a breakdown of five decisive and 30 supplementary indicators.

Jezek: There are always eight mandatory indicators for final evaluation, eight mandatory indicators for current control of plan fulfillment, five indicators for enterprise directors or top managers, and two or three indicators each for the formation of funds, of which there were three up to this year. Naturally, the indicators overlap. For the enterprises we are striving to make them overlap as much as possible. But even so this gives a minimum of 10 to 20, perhaps 15 indicators. Those are the facts.

[Question] Comrade Minister, where are these additional indicators set?

Janza: Evidently at the branch ministries, but the comrades from the economic production units must admit that they too set such additional indicators. I am presenting not my own views but what the regulations state. In the five-year plan's methodological instruction and the organizational provisions for evaluating plan fulfillment--these two documents tie in with the document on remuneration of top managers--there are seven decisive indicators, broken down in a differentiated manner for the economic production units and the enterprises. By this I mean, of course, the criteria for evaluating plan fulfillment and for forming the economic incentive funds. Naturally, in addition to these indicators there exist, for example, the mandatory limit on investment, the material limits, etc.; which of course is entirely another matter, for those are different indicators. For the evaluation of the economic results, however, there have been set officially only seven indicators that are employed differentially, and there are not or should not be more of these indicators. Some of them are tasks expressing the structure of sales, some are tasks related to efficiency, and the others are tasks of technological and investment development.

Dusek: We have here selected indicators of technological development. Eight indicators are set. Three of them are indicators for the structure of sales, beginning with export, deliveries for the domestic market or some specifics. There are also two indicators of efficiency. Now we have the inventory turnover rate; previously we had the total cost or economic result. Then there are the indicators for the evaluation of investment and technological development, where capital investment is evaluated either in terms of meeting the project management and control schedules, or in terms of attaining the design parameters. Among the tasks of technological development we find listed here the results, for practical application, of the decisive tasks of technological development.

Janza: But that is still within the framework of a single indicator employed in a differentiated manner.

Dusek: Yes, and it has subindicators. In the case of investment, for example, you have the individual investment projects. If you have five projects, you have at least five project schedules, and five project parameters, and so on.

Janza: But it is still one and the same indicator, employed in a differentiated manner.

Dusek: For evaluating capital investment or its efficiency.

Jezek: Of course, if any one of those subindicators is not fulfilled, then the entire indicator itself is not fulfilled.

[Question] We evidently cannot resolve this question at this interview. We will end discussion of the number of indicators, with the understanding that we will inquire at the individual ministries as to how many indicators they receive from the State Planning Commission, and how many they themselves break down for the enterprises.

More Room for Results

[Question] Let us return to the plan's breakdown. At the enterprises we often encounter the view that counterplanning depends on two things: on how rigorous the plan's breakdown is, and on the existence of unused resources.

Jezek: Planned growth comprises essentially two parts: the item that we break down for the enterprise, and the plus that the enterprise has or is able to offer. If I plan very dynamic growth for the enterprise, under normal conditions I am leaving it relatively little room for counterplanning. On the other hand, if the enterprise is assigned relatively small growth, then it usually has sufficient room for counterplanning.

Janza: I must admit that we have arrived at a debate on how demanding the tasks are, but there cannot be much democracy on this issue. We need, say, a 3-percent growth of national income so that society can maintain the attained standard of living and ensure its other needs. And you are telling me that you want to live the same life but are able to attain only 1 percent growth. That simply will not do. But what if we were talking about your accepting tasks such that growth of national income will be 5 percent? The counterplan enables you to do so, but you are not undertaking to do it. Furthermore, you are not taking advantage of the opportunities to reduce your work force and thereby to slow down the rise of average wages. Nothing has been set for you, except the standard for wages payable, and your value added. No labor productivity and no size of work force as mandatory indicators. You simply do not have to do anything else. It is enough to reduce your work force and raise your labor productivity, and as a result you have higher average wages. But you are not doing this, Comrades.

Dusek: We are.

Janza: Perhaps at Poldi in Kladno you are. But in 1982 the anticipated number of employees in the national economy was exceeded, which actually means that average wages were relatively dissipated. Although you did produce more value added, you did so primarily by dismantling--and I will be constantly castigating you for having done so--the production cooperation through which

you previously were increasing your gross output. Thereby you are now gaining more value added, which enables you to increase your work force. But you are not saving manpower, and are not giving higher pay to those of your workers who are remaining.

I am convinced that growth of value added is being achieved at present by easier ways, primarily by curbing the previously inexpedient production co-operation. This is clearly evident in transportation. In the past--figuratively speaking--a 1-percent growth of production meant a 1-percent rise in the transportation volume. Now a 1-percent growth of production reduces the transportation volume by 0.5 percent. You are simply converting your external relations into internal ones. You are not buying from suppliers but are producing everything yourselves, and thereby you have resources to pay wages. Which means that you get it for your production cost and not buy it for a price, and you still have to pay wages. This is why your value added is growing. There indisputably is something positive in this, but not everything is positive.

Dusek: We really could proceed in this direction. We have 20,000 workers. We could adopt a minimal counterplan but raise average earnings by laying off 500 workers. We would gain labor productivity and average earnings. But thereby we would merely be protecting ourselves from something. We would not be producing anything more, merely reducing the work force and the wage intensity of production.

But our philosophy is different. We regard rather as active the Set of Measures and the entire planned management system. We have 20,000 people, but we ought to be producing with them far more output, far more AVA. Thus our course of action toward the enterprises is something like this: for the work force that you have you must achieve labor productivity in AVA. We are striving to achieve first of all that the individual plants, or even departments, save on material costs.

Our counterplan at Poldi contains 80 percent material costs, and 20 percent output, product mix, etc. Thus to a considerable extent it is a result of intensive development. We are inducing the plants first of all to adopt a higher counterplan in AVA. In cases when the plants lack the conditions to do so, there is still room in reducing the work force. But we prefer the mentioned active way. Which means that we utilize technological development to give more, and only when that does not go do we seek a solution, if necessary, in reducing the work force. We are speaking, of course, of a metallurgical enterprise that, despite the stagnation of the metallurgical industry, nevertheless shows a certain dynamic development, because the proportion of high-grade steels is rising.

In the first phase I am able to help myself by dismantling production cooperation, but after a while I must start utilizing the results of technological development. Within two years the possibilities stemming from turning off lights, etc. will be exhausted, and then there really will remain only technological development for year-to-year growth.

But I must return once again to the standard basic wage components, to AVA, which is an "incentive" of sorts for the working collectives. We tell them: adopt a counterplan, and you will get more wages. But how are the standards

constructed? We are still creating those standards the same way we always did. We count the number of people, assign them average earnings, calculate their wages, define the incentive wage component and the basic wage component, divide by AVA and get the standard!

Janza: In the five-year plan.

Dusek: In the five-year plan, and the annual plans as well.

Janza: No, it should not be done that way in the annual plan.

Dusek: Comrade Minister, the problem specifically is that we do not know what the wage intensity of the individual products is. We are unable to say, for example, that the wages for this product are too much, that one is too labor intensive, and there you are not making full use of mechanization and automation. It is perhaps also the enterprises' fault, but we have de facto made the new indicators so simple that we are dressing up the old practice in the new indicators. We are calculating AVA separately from the income statement as a composite indicator: output minus material costs equals AVA.

I know that for this AVA the standard basic wage component is, say, 30 percent, and thus from every 1.0 million korunas I should be getting 300,000 for wages. This is how I approach counterplanning. A problem arises when again a new standard is calculated: last year you had 20,000 people in the plan, and average earnings are increasing by 0.7 percent. Or the number of employees times the rise in earnings is so much; divide that by AVA. But that does not tell us what the wage intensity of production is, and whether or not we have done enough in the matter of labor intensity.

This we will have to sort out ourselves, and it is not the concern of the State Planning Commission. But I merely wished to demonstrate how it is possible to dress up the old practice in new indicators, and to adopt counterplans that perhaps do not meet society's demand.

Jezek: I think that the approach to counterplanning should be motivated primarily by the possibilities of production. If essentially production is accurately balanced, then perhaps a counterplan is proper that reduces the inputs for a given output. But if this is a manufacture that is in the interest of entire society—for example, it is able to export efficiently—then it probably would not be sensible to curtail it and save, say, manpower. It might be better to maintain the given manufacture and even assign it slightly more manpower if necessary, but to give much more output, because that would be a real contribution to the national economy.

Sedlak: In my opinion, counterplans are first of all a question of stability, and of incentives contingent on stability. You do more, you get more. And nobody will investigate whether you deserved it or not, or speculate on how to get you in the next period back into the line from which you have stepped out. But no less urgent and economic is the requirement to operate flexibly. How to behave under these two conflicting requirements? I think that the solution lies, among other things, in not betting everything on a single card, the card of the plan that still has many shortcomings, some of them basic ones. I think it is better to admit this frankly than to seek salvation in standards created

in the same way as before, in long-term plans, or in indicators that are created in a new way, but without basic changes in pricing.

Dusek: I see a solution in that the state plan will be broken down, if we simplify this completely, in a single indicator: how will the ministry and the economic production unit contribute to the creation of national income. Certain limits and barriers will be set for this purpose, and the ministry and the economic production unit will have to fit into them.

Idle Resources Reduce the Risk

[Question] We have already discussed that question. Let us return to what you said before that, to the relationship between input and output.

Janza: I do not wish to say basically that the plan's tasks should be ensured solely by reducing the work force. There are industries that will be developing further, and they will be the ones that attract new manpower. But the fact remains that today the productive sphere is overdimensioned in terms of people. Proof of this is our labor productivity, which is only 50 percent of the labor productivity in the developed countries. Which means either that there are too many workers, or that not enough value is being added to the inputs. And a general way out of this situation should be sought in a relative reduction of the work force, or in adding more value to the inputs.

You will recall how you argued that it was not possible to reduce the work force in view of the set indicators: labor productivity was mandatory, the size of the work force was mandatory; there was a tax on exceeding average wages, etc. After thorough deliberation, we changed over to a single indicator: standard wages payable based on value added. Once again it is not functioning for us in the economy. And you again have arguments why it is not working.

Strnad: Not as a result of the new indicator, but because we really are doing things the same way as before. We are again calculating AVA from the same informative indicator: "total output." If we said that the indicator of gross output was unreliable specifically because of the variability of material consumption, then we really should be consistent and simply exclude it from all computations, of efficiency and of incentives as well.

Standard wages payable based on AVA must be constructed from the reported data and the social effect. If we aim for raising social efficiency—which means that we base the standard not on some subjectivistic assumption from the center, but on the actually attained reported data and a certain amount of improvement—that might really work with full intensity. If things were really so and would cease to operate with that unused capacity

Janza: So you operate with unused capacity!

Strnad: . . . there is unused capacity at every level of management. Everyone knows this and strives to have unused capacity. At the same time everyone is fighting for low plan indicators, and not for the optimal plan for which he might have an economic incentive. And herein lies the entire problem. I do not think that it is so difficult to solve. It requires that we abandon informative indicators entirely, cease to calculate from "total output," and

use as the basis the trend of the social effect. Which means a rise of labor productivity based on AVA and, in conjunction with it, a rise of earnings.

When the ministry's breakdown calls for a 6-percent rise in labor productivity and a 0.5-percent rise in earnings, I must regard that as nonsensical. In the end it is a ratio of 4 percent to 3 percent; thus there was unused capacity there. But why are we operating with it the way we do? Once there is a firm standard, operation with unused capacity will cease and we will be on firm ground: I give, I get.

Operating with unused capacity complicates entire planning, because every lower level knows that such capacity always exists and is therefore fighting for it. Once such unused capacity ceases to exist, and there are instead firm standards--meaning thereby standards from the ministry for the economic production units, and from the economic production units for the enterprises, then I will be able to safely say that we are really proceeding toward raising social efficiency.

[Question] In our opinion, this is a very rare way of looking at unused capacity. Even here it does not seem to meet with general enthusiasm.

Jezek: I strongly disagree so far as unused capacity is concerned. After all, life is very diverse, and there is not one year that can be regarded as normal. There are floods one year, drought the next, influenza the third, and severe frosts the fourth. After all, the economic production unit cannot afford to go with every minor problem to its superior organ and say: solve it. That we cannot do. We must have the potential to solve something, otherwise we would be merely a superfluous intermediate link that functions as a mailman: receives a task and passes it on.

Sedlak: In my opinion, neither the planner nor the economic deputy director can live without unused capacity. Let us admit this, we all are practical experts. It has been said here that no unused capacity is set aside at the level of the State Planning Commission. We are setting unused capacity aside and cannot do otherwise. I am unable to prepare a plan of which I could say at the beginning of the year, regarding the indicators I have to break down, that it is a correct and equitable plan. What do I do in such cases? Set unused capacity aside. But that unused capacity is, as they say, "the gravedigger of the counterplans." Together with the unused capacity, the subdivisions get tasks such that they no longer are able to adopt a counterplan, and therefore the enterprise itself is unable to adopt a counterplan. Merely to cover ourselves somehow individually, we lose what we in fact could have gained jointly.

Unused capacity is essentially insurance against the uncertain future. In our organization, for example, half of our profit during the first quarter of this year consisted of the net balance of penalties receivable, an item that was unplanned and unplannable. I simply do not know how to plan it within the enterprise! But the point is not merely to compensate for the objective unavailability of adequate information. Unused capacity compensates also for inadequate linkage between the individual parts of the plan, for the short circuits between the enterprise's and the concern's rules of economic activity. Or the reason for setting unused capacity aside might also be inefficiency, or the desire to help someone out during the year.

Jezek: I will frankly admit that whenever I accept a plan, I am often aware of exposing the enterprise to a certain risk. If we say at the time when the plan is being drafted that everything has been solved, we are lying. Our supplier-user relations have not been clarified, it is not quite clear how we will manage to recruit workers in the required composition of trades and skills, and so on.

The ministry might say to you: although you have transferred the production of certain parts elsewhere, it is not running there as yet. In other words, you have to help out. Or they come to us unexpectedly during the year with the request to supply subdeliveries for a modernized final product in order to improve its salability on foreign markets. We cannot send the enterprise that will be fulfilling this task, or go ourselves, to the superior organs and constantly request assistance and solutions.

We must set unused capacity aside to be able to solve the enterprises' problems that are unambiguously exceptional ones. Naturally the question arises of how much unused capacity it is reasonable to set aside. My personal opinion is that at an economic production unit it should be between 1 and 3 percent of capacity. Although the trade-loss compensation fund and the contingency fund can be of some help, without unused capacity set aside the general directorate would become an organ that is unable to do anything. It would merely assign tasks, but would be unable to get an enterprise out of a mess.

Since we are still discussing the present system of planning, the question of accepting tasks is to a certain extent also the question of the enterprise's confidence in the economic production unit. Confidence in that the economic production unit will not let the enterprise sink if the latter assumes a certain risk--as it does almost always--by accepting a task and then not being able to fulfill it, through no fault of its own. We cannot redistribute in accordance with the results when some enterprise is fulfilling its tasks better, but we can set unused capacity aside and use it when the enterprise gets into difficulties. I think that is the unrelinquishable duty of the economic production unit.

Sedlak: Last year we, meaning the concern as a whole, proposed a counterplan. It was not accepted because it was not, shall I say, comprehensive. But in the end the enterprises received as their regular plan what they had proposed as their counterplan. And other enterprises lost out on the unresolved price and structural effects. But this does not affect our concern alone. I have read of similar cases in several articles contributing to the debate.

Considered purely from a theoretical point of view, how can a counterplan be accepted from one of the plants when the enterprise is unable to fulfill its plan and in the end requests that the plan be revised downward? Of course, it is possible to set unused capacity aside and to help with it anyone who wants a counterplan. But is this the right solution? That unused capacity will be set aside at the expense of those who cannot afford a counterplan.

It was said here that actually the enterprises were not behaving as had been expected with regard to saving manpower. In my opinion, this is because they do not have any guaranties. It is questionable whether anyone who comes with a counterplan has an absolute guaranty, without any further exceptions and

conditions, that he will get higher wages for the counterplan. And that his savings of manpower will not boomerang for him in next year's plan. So long as this guaranty is lacking, in my opinion it is hardly possible to speak of a real economic incentive. Naturally, this is simplified somewhat, because we have already discussed here several times the effect of the product mix.

Strnad: When an enterprise actually makes a higher contribution to society, I think it should be stated as a rule that it is entitled to higher wages. Improvement could be achieved gradually, from a base that is perhaps not a good one. But as soon as we begin to differentiate and say: this one deserves it, that one does not, we do not get that springboard into an improved situation.

Janza: Naturally, I do not agree with the practice that when someone offers a counterplan, it is returned to him as his regular plan. That is not a sound course of action on the part of the superior organs. Perhaps as an outcome of this, people often do not take counterplanning seriously. It will be necessary to consider also the question of so-called unused capacity and changes in the plan, if these problems cannot be solved through the contingency fund, without forming so-called unused capacity.

Jezek: Manifestations of the old mode of planning are gradually beginning to disappear. We feel this in our relations with the ministry, for instance. And also in that in preparing the plan for 1984, for example, it seems we will be adhering to the five-year plan, but of course with recomputation to the new prices.

This is unavoidable, because two years are too short a time to alter the mentality of the people. Finally, in the case of certain demonstrable structural effects, we too make concessions to an enterprise and reduce its task, thanks again to those unused capacities. And if there is a change in the product mix that has a demonstrably negative effect on an enterprise's profit, we are willing to recognize this effect, to the extent of changing the enterprise's five-year plan.

I believe that this entire matter is a question of time, and of digesting the perfected system. We have made 1981 and 1982 a system of annual plans and actually began to learn in 1982, in conjunction with preparing the plan for 1983. It might be said that we are working full force for the first time now as we are preparing the plan for 1984.

Plan a Result of Initiative

[Question] We recently read of an unusual idea that an enterprise's plan was the result of its workers' initiative, and of their effort to achieve self-realization.

Jezek: Let us admit quite frankly that today the drafting of the plan is a struggle, a big contest, between the superior and the subordinate organ. The subordinate organ claims that this is all it can do, and no more. The superior organ replies: nonsense, you can do twice as much. And this takes place along the entire line, from the plant up to the State Planning Commission.

I too believe that the time has come to abolish this mutual struggle, although today we do not even know how this can be accomplished, and it will probably

require significant changes. And developing this idea further, let us strive to change this struggle so as to turn the situation around. For once in my life I would like to see the management of an enterprise come and to hear them say: For God's sake, give us a higher profit task, because with the profit we now have planned we are unable to pay for our investments, provide economic incentives and master inventories. For all this we simply do not have enough. Give us a higher task.

Janza: Comrade Jezek, and why can't you do this today within the framework of counterplanning?

Jezek: Already because no room was left for counterplanning when the enterprise made considerable progress from one year to the next. But we have already discussed this.

Strnad: We have not only the state plan. Every organization also has its own plan. Elaboration of the state plan's tasks plays the dominant role in the plan of each organization. By emphasizing that each organization has its own plan we can induce the organization to greater activity and give it more economic incentive to fulfill its plan. When approving this plan, the superior organ examines whether the organization is ensuring the set tasks. Instead of a directive plan, more interest is generated in the organization's own optimal plan. And here the new indicators should play a role. We are excluding from evaluation merely gross output. However, it should be realized that from evaluation for the purpose of economic incentives we are excluding not only gross output, but also commodity output and total output. And although we are aware that all these indicators should be regarded as informative ones, we are persistently retaining, for example, the basic indicator "material and other costs of the total output" and are actually basing on it the entire drafting of the plan, from up above to down below.

Janza: I fully agree with the view that we must create the prerequisites to ensure that the annual plan will not consist merely of directives but will actually be a result of the economic subject's initiative. Evidently, we do not always realize this, although at one time we were taught in political economy that society is able to survive only if it creates resources, i.e., national income.

To the extent that this applies to society, of course, it must apply also to the economic production unit and the enterprise, and to the individual as well. The fact remains that the plan is regarded predominantly as a directive. But we have certain international obligations, certain contracts, and certain objectives pertaining to structural changes. The plan therefore will always assume a directive form. But I sympathize with the idea that the plan should not be only a directive. It should be based on the economic subject's initiative or his ambition to achieve self-realization.

The problem in our country, of course, lies also in that whoever had in his plan, say, a 1-percent increase in export but achieved 1.1 percent will be outstanding and will always get a good rating, because he exceeded the plan by 10 percent. But who had a 10-percent expansion of export to capitalist countries and fulfilled only 9.9 percent will receive a bad rating. This is a very complicated problem and ties in with the so-called problem of the annual

plan's initial level, and with the so-called cumulative evaluation of the five-year plan. There certainly would be other possibilities also here; for example, changeover to an economic incentive based on actual growth.

[Question] Then is the idea of the plan as a result of the enterprise's initiative a realistic one?

Janza: In economic practice we have not reached this situation as yet, although even the present system provides possibilities in this respect. And now stop to consider whether this can be credited to the current conception of the plan, or is it your "merit." Society strives, or has the objective, to live ever better, while the economic subjects' ambition, or predominant ambition, is to have easier plans which they can then fulfill and even exceed.

At the enterprises you already have the opportunity to show initiative and to set for yourselves more demanding tasks, for which you get more from the economic incentive funds. You have a five-year plan that contains the set tasks and the required efficiency, in accordance with the need to increase national income. If you fulfill and exceed the plan's targets, your economic incentive funds will be replenished. For the time being, however, things are not going that well, and the economic sphere is mostly proposing changes in the plan, or exceptions that soften the plan's demanding nature. Herein lies the gist of the problem.

Were we to succeed in revising the system of economic incentives based on actual results, with incentive standards derived from the targets of the five-year plan, these problems would cease. But there would arise the fact that whoever failed to fulfill the tasks and targets of the five-year plan would have no resources in his funds. That would be a harsher economic system, but a more equitable one.

Certain possibilities, then, exist even today. With the help of counterplanning, although I realize that is not everything. Which means that there is the five-year plan and the annual plan stemming from it, and you have the opportunity to propose a counterplan. And you have done so. I do not mean the four of you; I am speaking of the economic sphere in general. But, Esteemed Comrades, no one has proposed a counterplan to expand export to the capitalist countries. Such a counterplan simply was not presented. Nobody proposed the better utilization of fixed assets. Nobody offered to surrender the petroleum and materials saved in comparison with the plan. Nobody offered to save materials and supplies or to enhance their value by one order of magnitude. The counterplan usually concentrates on the further growth of value added. You must admit that in principle you are always achieving at present the required growth of value added.

Jezek: Last year we did adopt a counterplan for export to capitalist countries.

Janza: However, the idea not to regard the plan as a directive, even though it will always contain such elements, but to consider it as self-realization is, in my opinion, a very rare one. I sympathize with it very much, but it means modifying our entire present system of incentives, perhaps even the system of planning, etc. Quite different is the question of a certain voluntary or inspired acceptance of higher tasks. I think we could approach this by

placing more emphasis on the question of the growth rate of economic development's efficiency than on the relationship between the plan and the reported results. I think that in the near future we should find out how to achieve that the enterprises, assigned the task of increasing national income by three percent, will be pressed by the economy or economic regulations to achieve an increase of four percent or more. For the time being, however, we are mostly overcoming resistance, rather than channeling some vigorous desire for advancement.

[Question] The economy's productivity and efficiency are communicating vessels that are influenced, among other things, by an efficient structure of the economy. Although that is a subject for a separate interview, we would like to at least touch on the problem of inefficient sectors. About 10 years ago, so-called reduction programs were prepared, but their realization was abandoned.

Janza: Our theory of liquidating inefficient sectors and supporting efficient ones simply failed. In my opinion, it had not been a sensible theory anyhow, because the important thing after all is to have efficient sectors. Then the inefficient ones disappear by themselves. We liquidated only one inefficient sector, the production of agricultural aircraft, and two years later we restored it.

Strnad: Specifically as a result of structural change we are cutting back, for example, metallurgical production that is very material-intensive, and in this way we are reducing the material intensity of production. But this is not a result of saving material in the strict sense of this word; it is merely society's will to reduce the material intensity of production. It also means a decline of social product. In the same way, social product declines also when the transportation intensity is reduced, but the final social effect does not decline.

Investment for the Future

[Question] In conjunction with developing or cutting back the individual sectors, there necessarily arises the question of past and present investment policy. It is common knowledge that, for a variety of reasons, a series of investments are being utilized only partially. Suppose we built a petrochemical plant in Neratovice that today is not functioning at full capacity, or that we built iron and steel works where production is being cut back because less iron ore is being imported. We are speaking of an efficient structure of the economy, but such a structure takes very long to develop, among other things, specifically through the construction of fixed assets. The following question necessarily arises: Was it possible to compel structural changes through the economic situation and to channel investment elsewhere?

Janza: I would make a distinction here. There are cases such as petrochemicals. That is a result of our intervention in 1982, when we reduced petroleum import by some 2.2 million tons. Understandably, therefore, petrochemical capacity is not being fully utilized at present. In my opinion, petrochemicals are the best case among those bad ones, simply an objective matter. And now we must find some solution, perhaps in cooperation with other countries. But so far we have not been successful.

But it is a different matter that there are investment-intensive production assets that we built, and these likewise are not being fully utilized because they are not producing as much as they should. For example, an enterprise was supposed to produce 26,000 cubic meters of plywood, but is making only 18,000. Another enterprise was supposed to produce equipment for nuclear power plants totaling billions of korunas but is actually producing less. We are building a number of lumber-industry enterprises, but they are being commissioned behind schedule. This, in my opinion, is the main reason why investments are lacking elsewhere. Everyone has requirements, but not everyone is striving to fully utilize fixed assets. Drin at Poldi in Kladno is one of those investments that are not giving the return promised in the plans.

Dusek: . . . but it soon will.

Janza: . . . but we are encountering these problems today! You want further investments, and we are waiting for the return.

Naturally, if we built these investments and they are not being fully utilized, depreciation is charged to a substantially smaller production volume, which also reduces the efficiency. And once again: no one has come with a counterplan for the better utilization of fixed assets for production--and this I would like to emphasize--that is socially desirable. For we do not need production that utilizes fixed assets, but the output is merely placed in inventory. That is even worse.

Sedlak: Let us look at this problem from the viewpoint of criteria. At one time I worked as a planner and participated in the evaluation of feasibility studies. But even without this experience, I know what all of you know: investment feasibility studies are written so as to gain approval of the investment, because that is in everyone's interest. And the design efficiency is not achieved even after 10 years. And who has now the courage to say: This is what you said 10 years ago, so this is how much you will produce, and not what you are offering to produce in the plan? At present such courage is lacking. And the other conditions likewise are absent.

Dusek: I do not think it would be the alpha and omega if I set some indicator, call it AVA or profit, that projects the results of technological development into the indicators of the enterprise or the plan's indicators. At present it can happen that the enterprise which does not invest, does not complicate its own life with capital construction but stays at a stable 100-percent level of its assumptions regarding the production base and supplier-user relations, is able to fulfill the plan. Then it leads an easy life.

But the enterprise that considers what it will be doing tomorrow and a few years from now has to invest and encounters problems. Comrade Minister, you mentioned objective reasons for unutilized investments. In my opinion, those are not objective reasons but mainly subjective ones; all that is a shortcoming in the comprehensive scrutiny of the investments. After all, plans are not made from one year to the next, but are based on long-term concepts. The planner cannot simply assume that economic development will be stable. He must foresee the changes and prepare on their basis a concept of development. For therein lies the strength of scientific planning.

[Question] Regardless of why they happened, the inefficient investments exist. Naturally, that is causing some doubt in approving feasibility studies today.

Dusek: What we lack in our technology policy is effectiveness. If we do not have money for something, we cut back on investment. In comparison with the world development, we spend perhaps one-third more on repairs and operating costs, and one-third less on investment. And what does that get us? That we are simply renewing the old production base. We are spending much on repairs --that comes from a different pocket than investment--instead of spending more on investment, building new plants and closing down the old ones. This also answers the question of what to do with the old ones; here again, we must go only forward. We must close some of the steel plants using heavy fuel oil, because such fuel will not be available, and replace this with something else. After all, it costs money to maintain those open-hearth furnaces. Why not tear them down and invest the money for maintenance in something new?

Janza: I do not wish to elaborate on why there is a so-called "shortage" of investment. But its cause lies in that we are building factories for billions, and then they are not fully utilized and fail to achieve the design capacity. Which means that we are not getting the output we expected, do not have enough to export, and therefore are unable to import. Look around you and see if this is not so at your organizations, including Kladno.

Dusek: We are getting it.

Janza: Then we will come to an agreement. But let us get our facts together. Approximately 70 percent of national income is earmarked for consumption, and 30 percent for investment. If we are to maintain consumption out of this 70 percent, we cannot invest more. No matter how much you would like us to invest more.

Dusek: We could invest 40 percent, but to do so we would have to produce 110 percent. But in order to be able to produce 110 percent, we would have to invest something in the production process.

Janza: If that were so . . .

Dusek: . . . let me be more specific. If Czechoslovakia is to produce 14 million tons of steel, which is less than previously, and the output in engineering is to increase by 4 percent, then we must supply engineering with more utility value. Engineering must get a higher yield from the steel, and since the volume of steel will not increase, engineering will have to get the higher yield in terms of utility value. But some investments will be necessary in metallurgy, despite the stagnation at those 14 million tons, in order to obtain a higher return. If we close down the open-hearth furnace . . .

Janza: Regrettably, that is not so. The metallurgical plants have capacities under construction. All of them are saying that if the projects are not completed, then they will not get the return they anticipated and things will be even worse. The intermediate and fine rolling mill at the Klement Gottwald New Metallurgical Works in Kuncice, for example, is not giving the output it should be giving according to the investment plan. In order to invest more in metallurgical plants, we would need more national income. A koruna invested in a metallurgical plant yields how much? A marginal output of 0.70 koruna? And how much is the marginal output in the world?

Dusek: Naturally, the payoff period is long. But that is the case everywhere in the world.

Janza: I will buy that. But I also want our metallurgical plants to operate at the world parameters of efficiency.

Dusek: You mentioned comparison with the world level. I merely wish to note that even if certain sectors will be stagnating in terms of their output, technological development in them will nevertheless have to continue. It cannot be cut back. Specifically those lower volumes will bring with them a new product mix, a new structure, and that will require investment. And the problems with the medium and fine mill in Kuncice stemmed from technical mistakes that debased these investments.

But I do not want you to think that not a single koruna has to be invested in the metallurgical plants since their output is being cut back. That would be a mistake which would make itself felt in the coming years in the electrotechnical, power and engineering industries, and in transportation and construction. To the contrary, the smaller the inputs, the more intensive must be the utilization of the metallurgical plants, solely through technological progress.

Janza: I agree with that. But the investments that would require even more than the mentioned 30 percent of national income would have to have a rate of return faster by one order of magnitude than on average. For the time being, regrettably, we are not getting such a return on these investments.

Dusek: I am more concerned about the general conception of technological development as the decisive factor in the entire Set of Measures, than about specific examples.

Janza: One of the serious problems at present is indeed the fact we tend to solve everything mostly through restrictions. Last year we achieved very favorable results in foreign trade by curbing import by one order of magnitude. We are aware that this cannot be our long-term policy, but we are in a situation such that there is no other solution. However, we are convinced that with time we will achieve a return, enabling us to modernize on a wider scale than at present.

When engineering and metallurgy begin to invest, their projects run into billions of korunas, and 50 percent of that is always construction cost. The problem at present is not with construction investment; the problem lies in machinery, and in the better utilization of floorspace in engineering. But that is not the way you are behaving. The situation at present is that every innovation requires a new shop building, or simply a new factory.

World Market as Yardstick

[Question] Economic conditions on world markets will be even harsher tomorrow. We cannot assume that we will be able to adjust to them by modifying the plans of the enterprises unable to fulfill them, and by seeking the objective reasons as to why the plan has not been fulfilled. Then where should we seek a solution?

Sedlak: It seems to me sometimes that the problem of planning is a vicious circle, and that everybody sees the solution on the other side, through the glasses of his own responsibilities and interests. I am not so naive as to

think that there is only one solution, but one of the solutions has been mentioned here. That solution is the parallel evaluation of any economic unit: on the basis of plan fulfillment, and independently also on the basis of the development of efficiency.

Janza: Planning is only seemingly a vicious circle, and it has a way out. Comrades, you will get the best picture if you compare your enterprise with the parameters of a similar enterprise in countries with developed industry. Do not compare constantly with what we have at home, one enterprise with another, but compare with an enterprise that is your competitor in a harsh market, and then you will see where you stand and where they are, and include in your counterplan the tasks of approximating the best.

I am not blaming the economic sphere. Likewise, within the leadership of the State Planning Commission, I am directing my rebukes at those of our internal subdivisions that find fault everywhere, except at our own door. All the results that I know of regarding labor productivity, the consumption of electric power, metals and fuel, the utilization of fixed assets, etc. indicate that there still is room for improvement in our results, and on this improvement depends the problem of the standard of living in our country.

Sedlak: What you are saying is that in international comparisons we are worse off in terms of labor productivity and other indicators. At present, according to my personal and perhaps subjective opinion, the most important criterion for the enterprise is to break down and fulfill the plan received from above. Considerations of efficiency rank only second. The planner's primary responsibility is to break down the plan he receives from above. There is not so much time, interest or elbow room for considering whether the plan is efficient or not.

If we are to plan well, then—in my opinion—we must come willy-nilly also to the philosophy of planning, to entirely basic concepts of planning as such. Is the plan the only instrument, or one of the instruments? Without this philosophy we will be tossed about by the interests of others and our own interests, without being able to understand them, let alone use them. Therefore we must ask ourselves this question: Should the organization, enterprise or any level of management be evaluated only on the basis of the plan, or also on the basis of something else? And what does stability of the plans mean, and what are the unity of planning and the principles of planning? And what actually is the situation regarding that much-sought composite indicator that includes everything? Taking the last question first, I simply do not believe in such an indicator. For us neither profit nor any other value indicator will be something from which we could derive all the other indicators. That imaginary pyramid of importance will always have several apices, and we must somehow bring them together.

The shortcomings of the system of planning have been familiar to us for a long time, and thoroughly. But if the so often repeated shortcomings persist so tenaciously, then—in my opinion—this means that both our knowledge and the undertaken measures remain too superficial for the time being. As to the other argument regarding the evaluation of development on the basis of efficiency: parallel evaluation independently of the plan already exists in embryonic form and concerns not only the content of the annual analysis of economic activity. For instance, the bank will apply sanctions against you even

though you have fulfilled the plan, or because that plan is not to the bank's liking. But we must go into this more thoroughly. The planner must have an interest in, and be responsibly for, the efficiency of the plan, just as others are obliged to fulfill the plan.

Janza: We have begun work on the long-term outlook, and there again are attempts to work routinely: so much coal, so much energy, so much engineering, and so much export. I think this is complete nonsense, and that we cannot succeed in this manner. If the problem of efficiency is decisive, then we must say: A koruna of fuel consumption gives us at present, say, two korunas of output, but we need three korunas if society is to live better. A koruna of fixed assets produces at present 1.50 korunas of output. To save investments and engineering deliveries, and to export them so as to pay our debts, we need from you 2.50 korunas of output. A koruna of wages buys us two korunas of output, but we need three. These are, figuratively speaking, the criteria of efficiency for the 1990's.

[Question] But the criteria must be comparable with the world.

Janza: Above I have used korunas, but what we want is that this be calculated in terms of so-called net foreign-exchange earnings. Which means valuation of the consumed raw materials and supplies at world-market prices. If efficiency is our strategic policy, then we all must calculate what it costs us and how much we get for it, and then choose on the basis of these sets of optimal paths. The long-term outlook likewise must be prepared in this manner. Here, in the present stage of work on the long-term outlook, we do not want to set these figures centrally. Instead, you will appraise the present situation, take into account investments, the number of workers, and the changes in the production structure, import and export, and tell us what you want to achieve in 1985, and then in 1990 and 1995. And we will agree immediately, because we will no longer be merely speaking of efficiency but will determine what you are to give us—not per ton of standard fuel equivalent, but per koruna of consumed energy valued at world prices. But we do not want to set these criteria of efficiency from above. In the light of a comparison with the world, we want you to form a picture of what you are doing today and what you want to do in the future.

[Question] Then this means definite rejection of planning from the initial base.

Janza: I am completely allergic to the index method. How can the trend of production be based on some indices? How can we project the future solely on the basis of past development? After all, certain parameters and a certain capacity are planned, and for that we have exact computation methods. No one can operate with some index method. After all, when your capacity is about 100, you cannot accept a growth of about 200.

Perhaps the index method is seemingly used in the case of value indicators: yesterday you had a profit of 100, and today you have 105. But here, too, it is necessary to take into consideration the results of new investments, the labor productivity, the contributions of technological development, etc. Profit, of course, must grow because we want to raise the standard of living, and that is possible only when there is growth of national income.

Sternad: What you have just said, Comrade Minister, requires of course a stable five-year plan, in my opinion.

Janza: Stability of the five-year plan has been discussed many times and is being discussed constantly. Stability of the plan does not mean that the same pencil or same television set is to be produced constantly for 10 years, and so much is to be earned on them in foreign markets. The complexity lies in that higher import prices during the five-year plan cost us about 80 billion korunas. We need products that in export will earn us this 80 billion increase in import prices. If not, then society will have to live on what it earns.

Stability of the five-year plan does not mean at all some kind of rigidity of the indicators. We will have to adjust to the world. If a barrel of oil cost 1.50 dollars in 1970 and now costs 27 dollars, then the economy today must produce 27 dollars per barrel. Which means that our export prices should have increased severalfold. And have they? Thus stability of the plan, but not in this sense.

Sternad: The fact is that we will not resolve overnight all the sins we committed over a period of years. The productive sphere did indeed demand investments, without bothering to calculate sufficiently the return on these investments. We must say: This is the situation today, and we will extricate ourselves from it by pursuing the path of social efficiency. Which means that if we increase productivity by so much, measured in terms of social productivity, then we can raise earnings by this much.

[Question] We think that essentially we have arrived at a conclusion, at a way out, regarding what the center should do, what the enterprises should be doing, how plan fulfillment and the fulfillment of efficiency should be evaluated, and how to evaluate the supply of the demand and the barriers that exist here. And how to implement all this.

Janza: I am firmly convinced that the center must begin to work in accordance with what we have just said. Simply stated, efficiency or intensification of development is the right road, the *conditio sine qua non*, as they say. To this everyone must adjust, in my opinion, also his work methods and expressions of the plan. I am convinced that it is necessary to include in the plan --in addition to structural-change targets and what to aim for in long-term development--also criteria of efficiency as basic conditions that everyone must accept.

If we have here the question of enhancing the value of the raw materials, supplies and energy, then there must also be such an indicator as one of the basic criteria of the plan that everyone must meet. Thus who ensures greater enhancement will have, but who does not will do without.

[Question] For all this, of course, the center will have to create conditions on the one hand, and barriers on the other, to compel the enterprises to act efficiently. And that means for everyone, without exception.

Janza: Naturally. But I would hesitate to say barriers, and would prefer to use the word "criteria." I will always be calculating this from the

viewpoint of the national economy: we need 3 percent growth of national income for society's adequate development.

Higher enhancement of the value of your materials, supplies and energy is the first criterion. We have already discussed this. A koruna of consumed energy, raw materials and supplies must yield a larger output than at present.

The second basic way is capital asset management. We must set the criterion of the better utilization of fixed assets, and the criteria of investment efficiency. It will be possible to invest only if the demanding criterion is met that a koruna of fixed assets will yield more than a koruna of marginal output and more net foreign-exchange earnings than at present.

The third way: a koruna of wages paid must give more value added, output or net foreign-exchange earnings.

And now most importantly: the criteria of efficiency must be such that if the enterprise fulfills or exceeds them, it will exist comfortably; but if not, things will look bad for the enterprise.

[Question] What do you mean by "things will look bad"?

Janza: The enterprise will be unable to pay wages or finance its further development, and it will be a question of further evaluating all the causes and measures, including whether the economic unit's role meets the average. The criteria, of course, must constantly be maintained at the world parameters. That is how the world is living, because it has those economic results. We too want to live that way, and even better. Therefore we must likewise have similar economic results. We have the prerequisites for achieving them.

FIVE-MONTH RESULTS IN LIGHT INDUSTRY VIEWED

Prague HOSPODARSKE NOVINY in Czech 24 Jun 83 p 2

[Article by Karel Bezvoda, member of the CPCZ Central Committee: "Light Industry"]

[Text] Fulfillment of the state plan for Czechoslovak light industry during the past period testifies that this industrial branch is still among the reliable sectors of our national economy. Correctly directed and developed work incentives helped us to exceed production assignments, to reduce consumption of materials and energy and to increase labor productivity.

In the past 5 months, Czechoslovak light industry fulfilled the production plan 100.4 percent, which constitutes 42.1 percent of the annual objective. In Slovakia, the plan was fulfilled 100.3 percent, which represents 42 percent of the total assignment. If compared with the same period last year, total production volume increased 0.9 percent. The plan was not fulfilled in Slovakotex and Crystalex VHJ [economic production units]. Their production drop represents Kcs 13.8 million. Another 30 enterprises did not meet their assignments (Kcs -76.8 million), only the Cotton Works at Ruzomberok, Jata, Slovenska Polana, Sukno, Kozak and Vlnena account for 62 percent of the total production loss.

Good results were achieved in adjusted value added, which was fulfilled 100.8 percent, while production dynamism grew 3.3 percent. In this respect only the cotton and wool industries did not fulfill the plan.

In evaluating the fulfillment of production assignments, it is again necessary to emphasize that this year's plan for light industry demands consistent concentration in the quality and variety of the product assortment.

The fulfillment of the sales plan is the basic criterion for the evaluation of fundamental tasks in daily economic practice. In the past 4 months, domestic trade deliveries were fulfilled in terms of retail prices 103.8 percent and in terms of value were exceeded by Kcs 481 million, the yearly growth being 5.1 percent. Fulfillment of the aliquot proportion of the yearly plan is still short 0.28 percent. Positive results have been achieved in supplying the types of products in shortage. Of 67 items monitored in the first quarter of the year, only knitted wool clothes for children were not in sufficient supply

because Monex did not fulfill the production plan (97 percent), however, all other items were either fulfilled or exceeded. Thus, for example, the supplies of utility china (porcelain) were 32.5 percent higher than the plan expectations. Cotton bedsheet materials and sets cease to be shortage goods, the same applies to knitting yarns.

However, the requirement of improving the domestic supply system by timely introduction of new fashionable products has not yet been met. It is necessary to arrange for direct deliveries of these products to the retail sale network and to eliminate handling delays at wholesale warehouses. At the same time, research into the development of demand in the domestic market must improve and manufacture must be more active and flexible in adjusting to these demands.

A regular information system is a necessary prerequisite for dealing successfully with the problem of insufficient goods supplies in the market. In this sense, it is necessary to use fully the special industrial stores which were established for this end but which now do not always serve that purpose. Reevaluation of the activities of these stores would be especially desirable in the clothing industry.

Light industry must direct its attention permanently to further development of product innovations. Certainly, no enterprise is indifferent to whether its products find buyers or whether it only expends its unused stocks. In the area of planning innovations, we must not be satisfied with statements that innovation programs adopted by light industry VNU, in their totality do not equal the preceding year's volume. Therefore, it is necessary to specify and elaborate the programs further. With respect to the strained situation in raw material supplies, it is necessary to insure that only high-quality products, interesting to the consumers, are supplied to the market.

It follows from the analysis performed at the state plant for testing textile, clothing and hosiery products that this goal is being successfully implemented. If we evaluate the quality development of the products whose testing was obligatory in the period 1980-1982, then 44.1 percent of products classified as first-quality signifies that better results have been achieved than in the period of 1980-1981.

The number of evaluated products also increased 30 percent. In manufacturing areas, the greatest proportion has been achieved by the wool industry (54.5 percent) and the smallest proportion (30.5 percent) has been achieved by clothing industry.

Although all these facts are positive, the principle that the economic parameters and utility values of our products should compare with foreign competing products has not yet been fully applied in evaluating the quality and technical standards of our products. It is true that in our country this approach to evaluation is still used only insufficiently but only good-quality products can increase light industry's export capacities. It is necessary to realize that even quality goods which do not reach world's standards immediately lose 20-30 percent of their value. This view should also be applied in evaluating actual results of export objectives.

In this 5-month period, exports to nonsocialist countries were fulfilled 104.4 percent in terms of wholesale prices and 105.9 percent in terms of all charges paid prices, which represents Kcs 56 million worth of goods (in all charges paid prices) produced above the plan. In this way, even the aliquot proportion of the yearly plan was exceeded by 2 points; only clothing and glass industries did not achieve an adequate proportion. Due to a smaller number of orders, the aliquot proportion is more than 6 percent short in exports to nonsocialist countries.

It is no secret that exports encounter a number of problems and risks. We have treated causes as to why we are not successful in fulfilling the exports plan. To overcome many barriers demands a more ready response to the requirements of foreign markets. We cannot dictate to foreign customers what they are suppose to buy, we must comply with their wishes and meet their requirements.

The responsibility for meeting the requirements of foreign trade must penetrate far more deeply into the activities of managers in enterprises and factories. Responsible managers should consistently consider realistic obligations toward foreign customers and, of course, meet these obligations. There must be no room for benevolence and tolerance of bad work and irresponsibility.

These principles were discussed at coordinating meetings of party functionaries at individual light industry VHI with emphasis on fulfillment of this year's plan. In those meetings, it was said that daily political work must be directed to explaining to people the extent to which our problems are related to complex international situations and to what extent they are caused by our own errors and inconsistencies.

Complex analysis has shown us that many organizations lack criticism and objectivity in the evaluation of results and overall social benefit. Such attitudes can hardly affect consistent revelation of shortcomings and hidden potentials in the enterprise's practice or to be used in effectively and responsibly solving urgent problems. They can hardly develop significant pressure in increasing personal responsibility for the fulfillment of the plan objectives and toward correctly directed development of work incentives.

Seeking and activating hidden potentials is a continuous process. We know our shortcomings and why we did not succeed in fulfilling the plan's assignments to the necessary extent. Now it is a question of knowing how to correctly apply this knowledge in fulfilling the fundamental objectives stipulated by the 14th CPCZ Congress.

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File: 2400/354

GERMAN DEMOCRATIC REPUBLIC

SERIOUS RAIL ACCIDENT IN BERLIN

AU071431 East Berlin NEUES DEUTSCHLAND in German 6 Jul 83 pp 1-2

[Summary] Berlin (ADN/ND)--On the morning of 5 July there was a serious train accident in the southern section of the Berlin Aussenring near Blankenfelde, Zossen Kreis. "The D 571 Berlin-Karl-Marx-Stadt train hit a passenger train going from Werder to Berlin-Ostbahnhof. Three people were killed and another passenger died later from his injuries." The 10 seriously and 31 lightly wounded passengers were taken to the Ludwigsfelde, Potsdam, Koenigs Wusterhausen and Mahlow hospitals for treatment.

On behalf of the Council of Ministers a commission of experts immediately left for the scene of the accident and established that the cause was due to human error as the locomotive driver had overlooked a stop signal.

State Secretary Heinz Schmidt, head of the commission, stressed that everything is being done to help the people concerned and he thanked all those who had helped at the accident. By Wednesday morning the removal work will be concluded by the railwaymen, who are receiving help from members of the People's Police, the civil defense force, fire brigades, and voluntary helpers from the villages of Zossen Kreis.

CS0: 2300/353

GERMAN DEMOCRATIC REPUBLIC

BRIEFS

NEW RAILROAD ENGINE--In the next few years the Henningsdorf Locomotive and Technical Works will considerably reduce its production of the 250 six-axle electric railroad engine and instead will concentrate on the manufacture of its newly-developed 212/243 four-axle engine. This four-axle engine has the advantage of lower power consumption, less material input requirement and less maintenance since it only has four axle drive motors. The new engine, which will go into serial production in 1984, will be less powerful than its predecessor and so will be used primarily in the GDR lowlands, meaning the country's north. [Summary] [DW201304 East Berlin Domestic Service in German 1300 GMT 19 Jul 83]

GDR-NIGERIA TRADE AGREEMENT--The GDR and Nigeria have signed a long-term trade agreement and a working plan on educational and cultural cooperation. The GDR minister for machine tools and processing machinery building, Dr Rudi Georgi, conducted talks in Lagos with Nigerian Government officials. The talks also provided for the implementation of projects in Nigeria to be undertaken by the GDR in the years ahead on the basis of mutual advantage. [Text] [LD210343 East Berlin Voice of GDR Domestic Service in German 2200 GMT 20 Jul 83]

CSO: 2300/352

REFORM PRINCIPLES 'JEOPARDIZED' BY PROPOSED POLICY CHANGES

Warsaw PRZEGLAD TECHNICZNY in Polish No 24, 19 Jun 83 pp 14-16

[Article by Marek Dabrowski: "What Next With the Reform?"]

[Text] Initial work is underway on systematic modifications for 1984. A study dated 12 May, 1982, carries a host of proposals concerning changes in the way the national economy is functioning. In some issues, several variants are submitted. It would be hard to appraise the whole draft in just a few words—it calls both for changes which bring the reform closer to its target model and for measures which, if implemented, might threaten to shatter the foundations of the new system.

Rationalization of Employment

Both economic/financial and administrative measures are discussed in this field. The first group includes a proposal to consistently apply the principle of "right" financing, including the dissolution of inefficient enterprises, especially in regions suffering from labor shortage. Other proposals include broader recourse to individualized internal pay systems at enterprises, greater flexibility of labor law, voluntary cooperation between enterprises and specialist establishments for organization and work evaluation, as well as a number of economic measures stimulating increase in labor supply. All of them deserve support. More debatable is the proposal concerning lump-sum charges of account of employment increase, coupled with rebates and exemptions—to be granted to selected sectors and regions, and in return for production growth and commissioning of new investment projects. As rightly noted by the paper's authors themselves, this solution "would contribute...to the petrification of the present employment pattern, and might turn out incongruent with the remaining motivational solutions." Let it be added that the criteria of exemptions and rebates, especially in the sectoral and territorial breakdown, may become the subject of fierce infighting and lead to virtual individualization of charges.

But one can hardly accept such a solution as "...obligatory determination of normative procedures for the occupation of individual jobs and of model structure of employment," mandatory labor intermediation, the right of employment offices to verify the demand for labor signaled by enterprises, "the strengthening of ties between factory-school graduates and their parent

"enterprises," or "the introduction of mandatory intermediation in employing the graduates of other schools.

These proposals mean a retreat to the command-style workforce management and they introduce coercion into economic life in such vulnerable areas as employment policy and limitation of the citizens' Constitutional rights. And, if past experience is anything to go by, most of these instruments are inefficient.

The field of employment well illustrates the grave errors in economic policy and central regulation /early retirement, FAZ mechanism in 1982, "soft" finance system/ on the one hand and on the other the characteristic impatience in waiting for the effects of positive solutions. The mechanism of FAZ contributions in 1983 is widely considered a severe and correct stimulator of rational employment. But it can hardly be expected to bring effects in just four months. More time is needed for this, and first of all an air of stability should be perceived around systemic solutions. The results of "catalyzing" the process of employment rationalization by means of commands or semi-commands will be exactly opposite to the intentions. If it became necessary to introduce some additional instruments, the best /interim/ solutions would be uniform lump-sum charge upon the level /not increase/ of employment.

Production Supplies

Proposals in this field resolve around various variants of abandoning direct training. This line of reasoning deserves full support for reasons which are both practical /flaws of rationing/ and formal /serious approach to the provision of Article 33, section 1 of the law on socio-economic planning, according to which rationing is to be maintained no longer than the end of 1983/.

The following alternatives to direct rationing are proposed:

- a. Leaving a limited extent of exclusive trading rights in the hands of authorized distribution agencies /the concept of the Economic Reform Commission's Working Group VII/,
- b. Introducing a system of government orders to be managed by a state agency for government orders.

Variant "b" is by far better solution, since trade exclusivity constitutes a hidden form of rationing, as well as strengthening monopolistic structures. The system of government orders will be efficient only if the inflation of priorities /known from the practice of operational programs/ is avoided, and if stimulating "instrumentation" is not overdone /e.g. the debatable proposal to levy additional taxation on enterprises not implementing government orders/.

Characteristically, there are no proposals for greater flexibility of prices for basic raw materials, intermediates and energy carriers, which might speed up the balancing of the market on the one hand and stimulate rational use of production factors on the other.

Investment and Depreciation

The key problem here are consequences of fixed-asset revalorization for the calculation of depreciation allowances. It is proposed in the document that increase in the latter is to be spread for four years. The aim is most probably to avoid a one-time impact of increased depreciation allowances upon costs and price calculation. But on the other hand, this means incomplete cost calculation at enterprises in the years to come /underestimated fixed-asset costs/--which does not encourage rational use of the available assets /or sale of unnecessary ones/--and decapitalization of fixed assets. And this happens in conditions of economic imbalance. Prices can thus be shaped below the equilibrium level, or /when this level is attained/ windfall profits can be realized. Such a situation does not provide "tight" financial conditions, does not eliminate less efficient producers, and prefers consumption in national income distribution.

It may also be noted that in 1987, when the full level of depreciation allowances is attained, the 1983 evaluation of fixed assets will most probably become outdated /as a result of inflationary processes/ which will again result in underestimation of fixed-asset costs.

A similar reservation can be expressed in respect to the principle--now observed and proposed to be maintained in future--of not calculating the depreciation charges on idle fixed assets.

The discussed document also calls for continued division of depreciation allowances between the enterprise and the state budget. It is true that the proposed pattern of division is better than the existing one /under which the state budget indirectly finances the repayment of enterprises investment credits/, but, with underestimated depreciation charges and steep taxation of profit, this means a purposeful policy of less-than-full reproduction at enterprises.

What is particularly disquieting is the context of this issue /financial requirements of central investment projects/. It shows that in restructuring the economy, preference is not given to horizontal processes of adaptation /which would mean preferences to pro-accumulation attitudes at enterprises and a mechanism of inter-sectoral competition/ but to traditional methods--central investment projects. The assumption upon which such a policy lies is that the central authorities know better where to invest, to what extent, and what production techniques to apply, and that they are capable of carrying through the central projects efficiently. But in the light of past experience, this assumption is highly questionable. The central-investment mode of economic restructuring has always given rise to in-fighting for investment appropriations, bringing about huge waste, tying up resources, and giving preference to new and huge projects over small ventures involving modernization, replacement, etc.

One interesting proposal provides for the transfer of abandoned central projects to enterprises wanting to complete them /with changed production program/ on their own. But this somehow stands in contrast with the above described tendency to prefer central projects, and besides it is not known

how many enterprises could afford accepting such an offer, considering the policy of ~~limiting the amount of depreciation allowances left at enterprises.~~

Prices and Sales Tax

Proposals in this sphere pose the greatest concern to the target shape of reform /i.e., state-regulation market mechanism/. It is proposed that "the pricing freedom of enterprises be temporarily suspended." This leads in practice to blocking the market mechanisms of adaptation and stripping prices of their informational function in respect to enterprises /reflecting the conditions of economic equilibrium/. This proposal is all the more striking now that the huge price hike /caused primarily by the reform of production-supply and retail prices as well as wage increased in 1980-81/ is a matter of the past. Again one can perceive a mixture of impatience and illusion that inflationary processes can be curbed by administrative price blockade. Nothing can be more erroneous. I have already written about this in PRZEGLAD TECHNICANI. It may be reminded that the major faults of administrative control of prices include:

1. Inefficiency /a state pricing organ has to [word indistinct] on information from the producer/.
2. Necessity of applying, in most cases, the cost plus formula which hampers efficiency.
3. Petrification of the initial structure of [word indistinct].
4. Shaping of prices below equilibrium level, which results in the petrification of the conditions of producers' /supplier's/ market and later in the need for rationing.
5. Monopolistic practice /elimination of price competition/.
6. Elimination of stimuli to increase production of shortest-supply items and to expand relevant productive potential.
7. Weakening of stimuli to rational consumption of the shortest-supply products /because of guaranteeing the artificially low prices/.
8. Laggging of a controlled price behind inflation /as a result, either it must be frequently undated or customized tax concessions and subsidies have to be granted to producers/.
9. Adverse impact on state budget deficit, as a result of limited budgetary revenues /especially with stringent tax on profits/ and the need to subsidize fixed-price items.

The discussed document confirms all these doubts, even though price-control proposals are submitted in several variants. For example, it is proposed to:

- a. ban price increases, with the exception of cases where they come as a result of factors external to the enterprise /higher rates of sales tax, higher prices of raw materials, transport services, energy, etc/;
- b. prevent producers from realizing higher profit rates on new products, sold at contractual prices, as compared with the already made items,
- c. impose price-increase ceilings in individual product groups /instead of a ban on price rises/;
- d. set construction prices on the basis of detailed cost-estimate reports, taking into account standard co-efficient for production-factor consumption, fixed by the Construction Ministry,
- e. impose financial sanctions on enterprises not observing the obligation to lower prices in step with quality deterioration,
- f. broaden the scope of official mark-ups and set them in absolute figures /not percentagewise/;
- g. broaden the scope of sales taxes computed in absolute figures /danger of their individualization and retrogressive levying, depending on the realized profitability/.

All told, the market mechanism is to be replaced by an extended system of central interference in the pricing processes. As shown by the experience of the past, including the last two years, pricing rigidity leads inevitably to customization of tax concessions and subsidies, sectoral compensatory accounts, customization of other economic instruments, and later, production commands and rationing.

The one positive element in this package is the proposal to shift the sales tax and compensatory subsidies from the sphere of production to that of distribution.

Income Tax

The underlying theme in this part of the draft is the desire to scrap the progressive profit taxation and replace it with the combination of a linear tax and a lump-sum tax. This is laudable, but still two reservations spring up in one's mind.

First, the retaining of profit taxation of the same fiscal burden, while indeed weakening the "escape into costs" /as a result of abandoning progression/, does not eliminate it entirely.

Secondly, both variants of the proposed computation of the lump-sum tax are highly complicated, carrying the danger of various kinds of manipulation with the base /1982/ figures. It seems purposeful to consider once again the concept of replacing the tax on profit with a tax on income /profit plus personnel costs/ or with the taxation of production factors.

Motivational System

Proposals concerning cost-forming wages are put forward in two variants?

- a. replacing FAZ contributions with a classical indirect limitation of the wage fund, drawing on normative co-efficients binding in 1983,
- b. increasing the progression of FAZ taxation, to be coupled with a simultaneous increase in the normative co-efficients.

Of the two evils, I would rather opt /just as the authors of the document/ for the second variant, but it would not be inappropriate to consider whether the mechanism functioning in 1983 should be changed at all, the more so as the four-month period is too short for a full appraisal. As compared with the present solutions, the second variant renders pay policy more rigid and gives preference to enterprises with poorer financial performance. As for the division of profit, I choose the second of the proposed variants which consists in applying FAZ taxation to the whole contribution of workforce-participation fund /together with the part of profit earmarked for the social and housing funds/. The third variant, linking FAZ taxation to the share of personnel costs in total costs, is rather complicated, and its motivational quality is hard to predict.

I support the proposal to extend enterprise powers concerning the pay principles. But on the other hand, I am worried by the proposed completion of work on the job-evaluation scales /"taryfikacja plac"/. Does that mean the central bodies are again preparing a set of universally binding job-evaluation scales?

Neither am I convinced by the idea of creating a reserve wage fund. It closely resembles the reserve of the disposable wage fund in the WOG system [an unsuccessful attempt at reform of the early 1970's], which was of purely planning, rather than financial, character. The present financial system of enterprises includes the institution of reserve fund, and it does not seem purposeful to create another fund of similar nature.

Foreign Trade

Here I will confine myself to a short presentation of major tendencies and problems. A more detailed appraisal is a matter for foreign trade specialists.

Generally speaking, foreign exchange rationing, compensatory accounts, and the Foreign Trade Minister's award fund are to stay in 1984-85. Neither is there any mention of making the exchange rate more realistic. These initial premises exert adverse impact on the entirety of systematic solutions in this area.

It is true that welcome proposals are also submitted--e.g. to broaden the scope of transaction prices, export-revenue allowances, or foreign exchange auctions--but on the other hand many of the planned measures are controversial

and have the effect of complicating and disintegrating the enterprise financial system. They include:

- a. sectoral differentiation of export-revenue allowances and their individualization by the Foreign Trade Ministry, in accordance with export efficiency,
- b. separation of the part of enterprise profit earned in foreign trade operations,
- c. making the mechanism of FAZ and income taxation more complicated by specially computed tax concessions on account of increase in the size and efficiency of exports,
- d. new financial instruments in the nature of exchange-rate subsidy,
- e. measures discouraging enterprises from using their rights to buy foreign exchange.

Instead of Conclusions

The most characteristic feature of the discussed set of proposals is incoherence and a desire for further complication of systematic solutions. Rationing is /correctly/ proposed to be abandoned, but at the same time, in conditions of disequilibrium, prices are to be blocked. The intention of limiting the scope of foreign-exchange rationing and foreign-trade compensatory accounts is declared, but at the same time the zloty is to be overvalued against other currencies. There is much talk about "tight" financing, but the financial instruments are to be customized, and of discretionary nature /e.g. the lump-sum sales tax, or most foreign trade instruments/. Much more such examples could be adduced.

There is a similar situation with the complication of systemic solutions, especially financial ones. In this sphere quantity does not grade into quality. A complicated system has lower motivational value for the workforce. It is more susceptible to internal contradictions, manipulation, and infighting to win better criteria of assessment. It is more difficult for the central authorities to control such a system, and as shown by last year's experience the inability to control financial instruments may prove a major shortcoming of many economic administrators.

Leaving its imprint on the proposals concerning systemic modifications in 1984 is the narrow specialization of various teams preparing them. This is not a new problem.

It is easier for the narrowly specialized experts to discuss separate problems—employment, foreign trade, production supplies, prices, wages, budgetary revenues, etc.—than to size up the whole system. But the latter is imperative. It may turn out that just a few radical measures—flexible prices on the market + strong anti-monopoly measures + limited convertability of the zloty on the basis of an equilibrium exchange rate + an efficiency-oriented tax system + a deflationary money/budget policy—are capable of solving a host of general and detailed economic problems, without a need to devise various systemic freaks and to expand the scope of customized incentives.

AMENDED LAW ON AGRICULTURAL COUNCILS PUBLISHED

Bucharest: BULETINUL OFICIAL in Romanian Part I No 24, 4 Apr 83 pp 1-8

[Law No 1 of 26 March 1983 for Amending and Supplementing Law No 31/1977 on the Congress of the Management Councils of the Socialist Agricultural Units, the Whole Peasantry and the Working People's Councils in the Food Industry, Silviculture and Water Management and on the National Council of Agriculture, the Food Industry, Silviculture and Water Management]

[Text] Socialist Republic of Romania

On the basis of Article 57 of the Constitution of the Socialist Republic of Romania, we sign and order to be published in BULETINUL OFICIAL AL REPUBLICII SOCIALISTE ROMANIA Law No 1 of 26 March 1983 for Amending and Supplementing Law No 31/1977 on the Congress of the Management Councils of the Socialist Agricultural Units, the Whole Peasantry and the Working People's Councils in the Food Industry, Silviculture and Water Management and on the National Council of Agriculture, the Food Industry, Silviculture and Water Management.

Nicolae Ceausescu,
Chairman
of the Socialist Republic of Romania

Bucharest, 4 April 1983.

Law

For Amending and Supplementing Law No 31/1977 on the Congress of the Management Councils of the Socialist Agricultural Units, the Whole Peasantry and the Working People's Councils in the Food Industry, Silviculture and Water Management and on the National Council of Agriculture, the Food Industry, Silviculture and Water Management

The Grand National Assembly of the Socialist Republic of Romania adopts the present law.

Same article. Law No 31 of 28 October 1977 on the Congress of the Management Councils of the Socialist Agricultural Units, the Whole Peasantry and the Working People's Councils in the Food Industry, Silviculture and Water Management and on the National Council of Agriculture, the Food Industry, Silviculture and

Water Management, republished in BULETINUL OFICIAL, Part I, No 25, 11 April 1981, is amended and supplemented, having the following content:

Law

on the Congress of the Management Councils of the Socialist Agricultural Units, the whole Peasantry and the Working People's Councils in the Food Industry, Silviculture and Water Management and on the National Council, the Conferences and the County Councils in Agriculture, the Food Industry, Silviculture and Water Management

The Program of the Romanian Communist Party for Forging the Multilaterally Developed Socialist Society and Advancing Romania Toward Communism establishes measures for improving, in all fields of economic and social life, the organizational framework that provides for the active participation of the masses of working people in devising and implementing the party's policy of constant and balanced development of the economy and rational distribution of the production forces over the country's territory.

In order to secure the attainment of the tasks and objectives set for agriculture by means of the party's program, it is necessary to create representative bodies of the working people in agriculture that would discuss and help to substantiate and finalize the drafts of the annual and long-term plans for economic and social development and the programs for fulfilling them.

For implementing the party's policy in the field of agriculture, with a view to achieving modern, high-yield agriculture, and for implementing the decisions adopted at the Congress of the Management Councils of the Socialist Agricultural Units, the Whole Peasantry and the Working People's Councils in the Food Industry, Silviculture and Water Management, it is necessary to improve accordingly the legislative framework.

Chapter I

The Congress of the Management Councils of the Socialist Agricultural Units, the Whole Peasantry and the Working People's Councils in the Food Industry, Silviculture and Water Management and the National Council of Agriculture, the Food Industry, Silviculture and Water Management

Article 1. There is instituted the Congress of the Management Councils of the Socialist Agricultural Units, the Whole Peasantry and the Working People's Councils in the Food Industry, Silviculture and Water Management, the highest forum of agriculture, the food industry, silviculture and water management, by means of which there is provided the direct and effective participation of the working people in these fields of activity in preparing and adopting the decisions on the continual development and modernization of agriculture, the food industry, silviculture and water management, the growth of agricultural, food and silvicultural production and the raising of the contribution of these sectors to the development of the national economy and to the general improvement of the well-being of the peasantry and all who work.

The congress discusses the basic problems of the agrarian policy of the party and the state, the ways and means of fulfilling the tasks contained in the

party's program, in the sole national plan for economic and social development, in the plan for development of agriculture and food industry and in the program for territorial self-supply and self-management, the improvement of worker self-management and economic and financial self-administration and the continual development of collective labor and leadership.

Article 2. Representatives of the management councils of the agricultural production cooperatives and of the working people's councils in the state agricultural enterprises, in the state and cooperative and intercooperative economic associations, in the agricultural mechanization stations, in food-industry enterprises and in the silvicultural and water-management units, delegates of the county, communal and city commissions of agricultural producers in localities without cooperatives, the members of the National Council of Agriculture, the Food Industry, Silviculture and Water Management, party activists, scientists and teaching personnel in agricultural, food-industry, silvicultural and water-management education, and representatives of ministries and other state and public bodies participate in the proceedings of the Congress of the Management Councils of the Socialist Agricultural Units, the Whole Peasantry and the Working People's Councils in the Food Industry, Silviculture and Water Management.

The Congress of the Management Councils of the Socialist Agricultural Units, the whole Peasantry and the Working People's Councils in the Food Industry, Silviculture and Water Management meets once every 5 years and is convened by the National Council of Agriculture, the Food Industry, Silviculture and Water Management.

The standards for representation at the congress are set by the National Council of Agriculture, the Food Industry, Silviculture and Water Management.

The delegates to the congress are elected in the general assemblies of the working people in the specialized state units and institutions, of the cooperators and of the agricultural producers in localities without cooperatives and are confirmed by the county and Ilfov Agricultural Sector's conferences of the management and working people's councils in the socialist units in agriculture, food industry, silviculture and water management.

Article 3. The Congress of the National Union of Agricultural Production Cooperatives, the conferences of the working people's councils in the state agricultural enterprises, in the agricultural mechanization stations and in food-industry enterprises, the conferences of the working people's councils in the silvicultural and water-management units and the conference of agricultural producers in localities without cooperatives perform their work under the Congress of the Management Councils of the Socialist Agricultural Units, the Whole Peasantry and the Working People's Councils in the Food Industry, Silviculture and Water Management.

Article 4. The Congress of the Management Councils of the Socialist Agricultural Units, the Whole Peasantry and the Working People's Councils in the Food Industry, Silviculture and Water Management adopts decisions binding on all collective leadership bodies of the state and cooperative units and

organizations and of the other public organizations in the field of agriculture, food industry, silviculture and water management and on all agricultural producers.

Article 5. The Congress of the Management Councils of the Socialist Agricultural Units, the Whole Peasantry and the Working People's Councils in the Food Industry, Silviculture and Water Management has, as a body of wide representation with permanent activity, the National Council of Agriculture, the Food Industry, Silviculture and Water Management.

The National Council of Agriculture, the Food Industry, Silviculture and Water Management is elected by the congress. The candidates for the council are elected in the general assemblies of the state and cooperative units of an agricultural, food-industry, silvicultural and water-management type and in the assemblies of the agricultural producers in localities without cooperatives and are confirmed by the county and Ilfov Agricultural Sector's conferences of the management and working people's councils in the socialist units in agriculture, the food industry, silviculture and water management.

The National Council of Agriculture, the Food Industry, Silviculture and Water Management provides the coordination and implementation, in a unitary conception, of the actions and measures needed for fulfilling the provisions of the plan in the field of agriculture, food industry, silviculture and water management and the tasks that devolve upon the units in accordance with the program for territorial self-supply and self-management, the application of the principles of worker self-management and economic and financial self-administration in the entire activity, and the implementation of the decisions of the Congress of the Management Councils of the Socialist Agricultural Units, the Whole Peasantry and the Working People's Councils in the Food Industry, Silviculture and Water Management.

The national council pursues, in its activity, the attainment of the objectives of the new agrarian revolution with regard to the growth of agricultural production and labor productivity in agriculture, the raising of the technical level and the growth of the economic efficiency of this branch, the full and efficient use of the land, the main means of production in agriculture, the raising of the soil's production potential, the fulfillment of the land-improvement program, the continual growth of zootechny's percentage in agriculture as a whole through the growth of the animal populations and the production to the levels given in the programs drawn up, the sensible use of the technical-material base, the work force and the specialists, the introduction and generalization of technical progress, the growth of the contribution of the scientific research activity to the progress of agriculture, and the providing of a higher level in the entire general social activity in the villages and hamlets.

In the field of food industry, the national council takes steps to advance the degree of advanced utilization of agricultural raw materials, expand and diversify the assortment of processed products, raise the quality of the food goods, increase the percentage of protein derivatives of vegetable origin in the diet of the people and meet the requirements for a rational, scientifically substantiated diet for all categories of consumers.

The national council adopts measures regarding the raising of the production potential of forests, the protection, conservation and development of the growing stock, the sensible administration of the resources of timber and the combating of waste, the regeneration of the forests and the improvement of the poorly productive ones, reforestation, the keeping of valuable species of trees acclimatized to the country in the silvicultural holdings, the improvement of the protective functions of the forests and the development of the harvesting and advanced utilization of forest fruits and other natural resources and byproducts of the forests, securing wider and wider participation by the agricultural production cooperatives and all inhabitants in the respective zones in performing these actions.

In the field of water management, the national council pursues, within the framework of the Program for Arrangement of the Country's Hydrographic Basins, the arrangement, in a unitary conception, of the entire hydrographic network, for meeting of all needs for drinking, industrial and irrigation water, the production of power and others and for the protection of the localities, industrial platforms and agricultural areas from floods, the economization and recycling of water, the reduction of consumption and losses, and the preservation of water purity and quality.

Article 6. The National Council of Agriculture, the Food Industry, Silviculture and Water Management has the following main duties:

a) It organizes and oversees the implementation of the decisions of the Congress of the Management Councils of the Socialist Agricultural Units, the whole peasantry and the Working People's Councils in the Food Industry, Silviculture and Water Management; it oversees the application and observance of the party decisions, the country's laws and other regulatory acts by the central and county bodies and the specialized units;

b) It analyzes the annual and long-term plans and the programs for development of the branches and subbranches in agriculture and the food industry, in silviculture and in the field of water management.

c) It establishes measures for the application of the principles of worker self-management and economic and financial self-administration in the entire activity of the units in agriculture, the food industry, silviculture and water management and for the fulfillment in the best manner, by these units, of the tasks that devolve upon them from the sole national plan for economic and social development, the plan for development of agriculture and the food industry and the program for territorial self-supply and self-management;

d) It establishes measures for the sensible and full use of land resources, the utilization of seed from high-quality varieties and hybrids, the expansion of the breeds of high-yield animals, the application and improvement of the production technologies in plant cultivation, animal husbandry, the food industry, silviculture and water management and the scientific organization of production and labor;

e) It establishes measures for the full use of the production capacities and the work force, the fulfillment of the tasks for delivery of products to the

state supply, the achievement of investments, the growth of the economic efficiency of the activity of the agricultural, food-industry, silvicultural and water-management units, and the raising of the contribution of agriculture and the other sectors to meeting the consumption needs of the population and the whole national economy;

g. It analyzes the stage of fulfillment of production, economic and financial plans in agriculture, food industry, silviculture and water management as a whole and according to their branches and adopts the measures need to continually improve the production and economic activity in all units and for fulfilling and overfulfilling the plan provisions;

h. It discusses and gives its opinion on the draft regulatory acts referring to the organization and operation of the agricultural, food-industry, silvicultural and water-management units and to the activity of their collective leadership bodies and on other drafts that concern the improvement of the labor in its fields of activity;

i. It provides the unitary orientation and management of the activity of the collective leadership bodies of the centrals, trusts, enterprises and other socialist economic units in agriculture, the food industry, silviculture and water management and of the ministries and other specialized central bodies for the continual application of the principle of collective labor and leadership, the improvement of the style and methods of work, the promotion of criticism and self-criticism and the growth of the responsibility of all members of these bodies in fulfilling the tasks that devolve upon them;

j. It acts continually regarding the strengthening of the role of the general assemblies and regarding the more and more active participation of the masses of working people in agriculture, the food industry, silviculture and water management in the running of the entire production and social activity in the units and in the exercise of strict control over the activity of the leadership bodies, seeking to stimulate the creative activity of working people and continually raise their socialist consciousness.

Article 7. The National Council of Agriculture, the Food Industry, Silviculture and Water Management is responsible for the activity performed to the Congress of the Management Councils of the Socialist Agricultural Units, the Whole Country and the Working People's Councils in the Food Industry, Silviculture and Water Management.

Article 8. The National Council of Agriculture, the Food Industry, Silviculture and Water Management is composed of:

a. The Council of the National Union of Agricultural Production Cooperatives;

b. The management councils of:

The Ministry of Agriculture and the Food Industry;

The Department of the Food Industry;

The Department of State Agriculture;

The Economic General Directorate for Horticulture;

The Economic General Directorate for Agricultural Mechanization;

The Zooveterinary Economic General Directorate;

The Economic General Directorate for Land Improvement and Construction in Agriculture;

The Department for the Contracting for, Purchase of and Preservation of Agricultural Products;

The National Water Council;

c) The Council of Silviculture;

d) The Presidium of the Academy of Agricultural and Silvicultural Sciences;

e) The working people's councils of:

The Flax, Hemp and Cotton Trust;

The "Plafar" Trust;

f) The board of directors of the Bank for Agriculture and the Food Industry;

g) The Central Commission of Agricultural Producers in Localities Without Cooperatives;

h) Representatives of:

The Central Committee of the Union of Communist Youth;

The National Council of Women;

The Socialist Democracy and Unity Organization;

The unions of trade unions in agriculture, the food industry, silviculture and water;

The institutions of agricultural, food-industry and silvicultural higher education;

i) Working people who work directly in agricultural production in the agricultural production cooperatives, the state agricultural enterprises, the agricultural mechanization stations and the food-industry, silvicultural and water-management units who do not belong to the collective leadership bodies in the composition of the national council and agricultural producers in localities without cooperatives, in accordance with the standards set by the National

Council of Agriculture, the Food Industry, Silviculture and Water Management. Their number will represent at least 30 percent of the number of the national council's members.

The members of the National Council of Agriculture, the Food Industry, Silviculture and Water Management mentioned in Letter k are appointed by the collective leaderships of the respective organizations for a period of 5 years.

The members of the National Council of Agriculture, the Food Industry, Silviculture and Water Management can be recalled by the bodies that appointed them.

Article 9. The National Council of Agriculture, the Food Industry, Silviculture and Water Management has a chairman, a first vice chairman, six vice chairmen, three of whom work directly in production, and two secretaries, elected by the national council.

The chairman of the national council is an activist in the party and state leadership.

Article 10. The National Council of Agriculture, the Food Industry, Silviculture and Water Management meets once per year and whenever necessary. The council performs its activity in the presence of at least two-thirds of the number of its members.

The National Council of Agriculture, the Food Industry, Silviculture and Water Management performs its activity in plenary sessions and in commissions.

The number and composition of the commissions are set by the National Council of Agriculture, the Food Industry, Silviculture and Water Management.

During the proceedings in plenary sessions, the National Council of Agriculture, the Food Industry, Silviculture and Water Management can also perform its activity in sections.

Article 11. The National Council of Agriculture, the Food Industry, Silviculture and Water Management has an executive bureau composed of 57 persons, including 20 workers, cooperators, peasants with individual farms in localities without cooperatives, experts and technicians who work directly in production, as follows:

A chairman, who is also the first vice chairman of the national council;

Two vice chairmen and secretaries of the national council;

Forty-eight members.

The composition of the executive bureau is approved by the national council.

In the absence of the chairman of the executive bureau, his duties are performed by one of the vice chairmen, whom he appoints for this purpose.

Article 12. The executive bureau conducts the activity in the period between the plenary sessions of the National Council of Agriculture, the Food Industry, Silviculture and Water Management and provides for the implementation of its decisions.

The executive bureau has the following main duties:

a) It follows the way in which the management councils of the Ministry of Agriculture and the Food Industry, of the other specialized central bodies and of the working people's councils in the centrals, trusts, enterprises and other economic units in agriculture, the food industry, silviculture and water management fulfill the plan and the tasks that devolve upon them from the program for territorial self-supply and self-management and from the program for raising the standard of living and increasing the quality of life of the whole population;

b) It acts to implement the decisions of the congress and the National Council of Agriculture, the Food Industry, Silviculture and Water Management and the measures contained in the party decisions and in the regulatory acts on the improvement of the production, economic and social activity in all units in the council's field of activity;

c) On the basis of reports of the heads of the Ministry of Agriculture and the Food Industry and the other central bodies in the composition of the National Council of Agriculture, the Food Industry, Silviculture and Water Management, it analyzes the way in which they act to implement the decisions adopted by the congress and the national council;

d) It takes prompt steps to orient the activity of the collective leadership bodies, improve their style of work and increase the responsibility of their members for fulfilling the tasks that devolve upon them;

e) It discusses and approves the proposals for appointing to positions the personnel in the management of the component central bodies of the National Council of Agriculture, the Food Industry, Silviculture and Water Management.

The executive bureau meets once per quarter and whenever necessary and works in the presence of at least two-thirds of the number of its members.

The chairman of the national council participates in the sessions of the executive bureau.

Article 13. The National Council of Agriculture, the Food Industry, Silviculture and Water Management and the executive bureau adopt decisions by a show of hands, by a majority of their members.

Chapter II

The Conferences of the Management and Working People's Councils of the Socialist Units in Agriculture, the Food Industry, Silviculture and Water Management and the County Councils of Agriculture, the Food Industry, Silviculture and Water Management

Article 14. The Conference of the Management and Working People's Councils of the Socialist Units in Agriculture, the Food Industry, Silviculture and Water Management, a widely democratic body of the peasantry and all working people in the enterprises and units in the respective fields, is instituted in each county and in the Ilfov Agricultural Sector.

The conference discusses the basic problems of the development of agriculture, the food industry, silviculture and water management, the methods of fulfilling the tasks that devolve upon the county or the Ilfov Agricultural Sector from the sole national plan, the plan for development of agriculture and the food industry and the program for territorial self-supply and self-management, and the problems of the continual strengthening of economic and financial self-administration and collective labor and leadership.

The Conference of the Management and Working People's Councils of the Socialist Units in Agriculture, the Food Industry, Silviculture and Water Management is composed of:

- a) Members of the collective leadership bodies of the production, research, educational and design units and the other units in agriculture, the food industry, silviculture and water management;
- b) Working people who work directly in production in the units mentioned in letter a who do not belong to the leadership bodies of these units;
- c) Representatives of the peasants with individual farms in the zone without cooperatives;
- d) The members of the county council of agriculture, the food industry, silviculture and water management or the council of the Ilfov Agricultural Sector;
- e) Party and state activists and representatives of ministries, other central and local state bodies and the mass and public organizations.

The Conference of the Management and Working People's Councils of the Socialist Units in Agriculture, the Food Industry, Silviculture and Water Management meets once every 2 and 3 years and is convened by the county council of agriculture, the food industry, silviculture and water management or by the council of the Ilfov Agricultural Sector.

The delegates to the conference are elected in the general assemblies of the state and cooperative units and, for the localities without cooperatives, in the assemblies of the agricultural producers, on the basis of the standards for representation set by the county council of agriculture, the food industry, silviculture and water management or by the council of the Ilfov Agricultural Sector.

Article 14. For managing, guiding and overseeing the activity of the collective leadership bodies in the units, in the period between conferences, county council of agriculture, the food industry, silviculture and water management and the council of the Ilfov Agricultural Sector, representative bodies with permanent activity, are organized.

Article 16. The county council of agriculture, the food industry, silviculture and water management and the council of the Ilfov Agricultural Sector have the following main duties:

a) They provide the unitary coordination of the activity of collective leadership bodies of the agricultural, food-industry, silvicultural and water-management units and are responsible together with them for fulfilling the tasks that devolve upon them from the party and state decisions, from the laws referring to their fields of activity and from the decisions adopted by the congress, the national council and the Conference of the Management and Working People's Councils of the Socialist Units in Agriculture, the Food Industry, Silviculture and Water Management;

b) They analyze annually the activity performed and the plans in territorial form regarding the development of agriculture, the food industry, silviculture and water management, establish the measures needed for their fulfillment in the best manner by the collective leadership bodies of the units and follow fulfillment of them;

c) They analyze and oversee the way in which the application of the party decisions and the legal provisions on the rational use of the land and other means of production with maximum efficiency, the mobilization of all workers in the socialist agricultural units, the producers in localities without cooperatives and the entire population of the villages in the activity in agriculture, the strengthening of order and discipline in labor and of responsibility in fulfilling the plan targets, and the firm application of the principles of the economic and financial mechanism are provided by the collective leadership bodies of the units;

d) They provide the unitary orientation and management of the activity of the state and cooperative combined agro-industrial councils and of the management councils and the working people's council of all cooperative and state units for the development of collective labor and leadership, the improvement of the style and methods of work, the promotion of criticism and self-criticism and the growth of the contribution and the responsibility of all members of the collective leadership bodies in fulfilling the tasks that devolve upon them;

e) They guide the activity of the general assemblies in the socialist units with a view to providing for the participation of all working people in managing the entire economic and social activity of these units.

Article 17. The county council of agriculture, the food industry, silviculture and water management and the council of the Ilfov Agricultural Sector have 100-200 members, on the basis of the standards set by the National Council of Agriculture, the Food Industry, Silviculture and Water Management, and are composed of:

a) Workers, members of the agricultural cooperatives, peasants in localities without cooperatives, experts, technicians, chief engineers, farm chiefs, economists in the production units, and research, educational and design personnel--members of the collective leadership bodies of the component units of the council;

b) working people who work directly in production in the component units who do not belong to the leadership bodies of these units. Their number will represent at least 30 percent of the number of members of the county council or that of the Ilfov Agricultural Sector, respectively;

c) Chairmen, first vice chairmen and vice chairmen of the working people's councils of the units and management personnel of the state and cooperative combined agroindustrial councils, the county unions of agricultural production cooperatives, the general directorates for agriculture and the food industry, the silvicultural inspectorate and the water-management office;

d) Party activists and activists of the mass and public organizations;

e) Representatives of the local state bodies.

The candidates for the county council of agriculture, the food industry, silviculture and water management and for the council of the Ilfov Agricultural Sector are elected in the general assemblies of the specialized state and cooperative units and, for the localities without cooperatives, in the assemblies of the agricultural producers in these localities.

The county council and the council of the Ilfov Agricultural Sector are elected by the conference, from the candidates for the council, elected by the general assemblies.

The county council and the council of the Ilfov Agricultural Sector have in their leadership a chairman, three-five vice chairmen and a secretary.

The county party committee's secretary for matters of party work in agriculture is the chairman of the county council of agriculture, the food industry, silviculture and water management; in the Ilfov Agricultural Sector, the Bucharest Municipal Party Committee's secretary for matters of party work in agriculture is the chairman of the council.

The county council of agriculture, the food industry, silviculture and water management and the council of the Ilfov Agricultural Sector meet twice per year or whenever necessary and work validly in the presence of at least two-thirds of the number of their members.

Article 18. The county council of agriculture, the food industry, silviculture and water management and the council of the Ilfov Agricultural Sector have an executive bureau composed of 21-33 members, namely:

1) chairman, a position held by the first vice chairman of the executive committee of the county people's council or that of the municipality of Bucharest,

director general of the general directorate for agriculture and the food industry;

Three-five vice chairmen--namely, the chairman of the county union of agricultural production cooperatives, the director of the institute or one of the stations for agricultural research and one-three workers, peasants, experts or technicians in the main branches of activity;

A secretary, a position held by the deputy director general of the general directorate for agriculture and the food industry;

First vice chairmen or vice chairmen of the working people's councils, other management personnel in the component units, party activists, activists of the mass and public organizations, and representatives of the local state bodies;

Some 11-17 workers, cooperators, peasants with individual farms in localities without cooperatives, experts and technicians who work directly in production.

The composition of the executive bureau is approved by the county council of agriculture, the food industry, silviculture and water management or by the council of the Ilfov Agricultural Sector. The executive bureau meets once per quarter and whenever necessary.

Article 19. The executive bureau conducts the entire activity in the period between the plenary sessions of the county council of agriculture, the food industry, silviculture and water management or of the council of the Ilfov Agricultural Sector and provides for the implementation of the decisions adopted by the conference of the management and working people's councils and by the council.

Article 20. The decisions of the county council of agriculture, the food industry, silviculture and water management, the council of the Ilfov Agricultural Sector and their executive bureaus are binding on all collective leadership bodies of the state and cooperative combined agroindustrial councils and of all agricultural, food-industry, silvicultural and water-management units in the range of the county and the Ilfov Agricultural Sector. The decisions are adopted by a show of hands, by a majority of the members.

Chapter III

The Commissions of Agricultural Producers in Localities Without Cooperatives

Article 21. In order to create the organizational framework for the direct participation of the agricultural producers in localities without cooperatives in establishing and implementing the measures for increasing the agricultural output, there are formed, beside the communal or city people's councils, commissions of agricultural producers.

The communal or city commission of agricultural producers is composed of 15-21 members, elected for a period of 2 and $\frac{1}{2}$ years, in assemblies of the producers, from the best managers and specialists in the locality.

The commission of agricultural producers has a chairman and two-three vice chairmen elected in the assemblies of the producers and confirmed by the executive committees of the county people's councils.

For conducting the activity between sessions, the commission elects an executive bureau formed of three-five members. The vice chairman of the executive bureau of the communal or city people's council is the chairman of the commission.

The communal or city commission meets monthly, as a rule, to analyze the way in which the plan in territorial form is being fulfilled and to take steps to help the individual producers to completely fulfill the obligations that devolve upon them. The commission is convened by its executive bureau.

Article 27. In the counties where several communal or city commissions of agricultural producers operate, there are formed, beside the county unions of agricultural production cooperatives, county commissions of agricultural producers in localities without cooperatives.

The county commission of agricultural producers is composed of 11-31 members appointed, for a period of 5 years, by the executive committee of the county people's council.

For conducting the activity between sessions, the county commission elects an executive bureau formed of five-nine members.

The chairman of the county commission is one of the directors of the general directorate for agriculture and the food industry.

The county commission meets semiannually and whenever necessary. The commission is convened by its executive bureau.

Article 28. For coordinating and guiding the activity of the county, communal and city commissions, there is formed, beside the National Union of Agricultural Production Cooperatives, the Central Commission of Agricultural Producers in Localities without Cooperatives.

Article 29. The Central Commission of Agricultural Producers is composed of 61 members elected, for a period of 5 years, by the conference of agricultural producers in localities without cooperatives.

The chairman of the Central Commission of Agricultural Producers in Localities without Cooperatives is the deputy minister of agriculture and the food industry who coordinates and is responsible for the activity of animal husbandry.

The Central Commission of Agricultural Producers in Localities without Cooperatives meets once per year and whenever necessary. The commission is convened by its executive bureau.

The central commission elects the executive bureau, composed of 11 members. The chairman of the Central Commission of Agricultural Producers in Localities without Cooperatives is the chairman of the executive bureau.

The executive bureau conducts the activity between the sessions of the central commission and implements its decisions.

Article 29. The central commission, the county commissions and the communal or city commissions of agricultural producers in localities without cooperatives perform their activity on the basis of the party decisions, the state's laws and the decisions of the Congress of the Management Councils of the Socialist Agricultural Units, the Whole Peasantry and the Working People's Councils in the Food Industry, Silviculture and Water Management and the National Council of Agriculture, the Food Industry, Silviculture and Water Management, having the following duties:

a) They participate in preparing the annual and long-term plan for development of agriculture and food industry, in territorial form, for the localities without cooperatives;

b) They carry out intensive activity among the agricultural producers in localities without cooperatives for mobilizing them to fulfill the tasks that devolve upon them from the plan for development of agriculture and the food industry and from the program for territorial self-supply and self-management;

c) They concern themselves with the promotion of advanced agricultural and zootechnical methods; they initiate and organize actions of guidance and mobilization of producers for performance of agricultural work of general interest, the fullest utilization possible of the land, plantations, natural meadows and animals, the promotion of association in production, the growth of the contribution to the state's supply of products, and improvement of the standard of material and spiritual living of farmers in localities without cooperatives;

d) They provide the organizational framework for the direct participation of the agricultural producers in localities without cooperatives in establishing and implementing the measures for increasing agricultural output; they concern themselves with providing the planting stock and high-yield seed, through exchange or through purchase, expanding the breeds of animals with high biological potential, and applying and improving the production technologies in plant cultivation and animal husbandry;

e) They establish, in collaboration with the agricultural bodies, the need for agricultural machines and tools, chemical fertilizer, herbicides, insecticides and fungicides, medication and disinfecting substances that are required by the agricultural producers and pursue use of them with maximum efficiency;

f) They concern themselves with raising the level of knowledge of the agricultural producers, for which purpose they initiate and support the organization of training for mastering new technologies and for learning the laws and other acts that regulate the activity in agriculture;

g) They organize participation in fairs and expositions by stockbreeders in localities without cooperatives.

Chapter IV
Final Provisions

Article 26. The Congress of the Management Councils of the Socialist Agricultural Units, the Whole Peasantry and the Working People's Councils in the Food Industry, Silviculture and Water Management, the National Council of Agriculture, the Food Industry, Silviculture and Water Management and the Central Commission of Agricultural Producers in Localities Without Cooperatives establish their operating regulations.

This law was adopted by the Grand National Assembly in the session of 26 March 1983.

Chairman
of the Grand National Assembly,
Nicolae Giosan

Bucharest, 26 March 1983.
No 1.

12105
CJ: 2700/256

MEASURE : TO IMPROVE ACTIVITY IN OIL, GAS EXTRACTION INDUSTRY

Bucharest BULETINUL OFICIAL in Romanian Part I No 38, 16 May 83 pp 1-11

[Decree No 171 of 13 May 1983 of the State Council of the Socialist Republic of Romania on the Improvement of Activity in the Oil and Gas Extraction Industry]

[Text] The State Council of the Socialist Republic of Romania decrees:

Article 1. The activity of crude-oil and gas extraction is organized according to oil-production brigades, natural-gas-production brigades, drilling brigades, oil-production fields, natural-gas-production fields, drilling fields and drilling and extraction trusts.

Article 2. The oil-production, natural-gas-production and drilling brigades, units without a legal character, with complex activity, are plan titulars for the tasks set, operate on the basis of worker self-leadership and economic administration and are organized in accordance with Appendix 1.*

The brigades perform their activity in a continuous system of work, in three shifts of 8 hours each, on all days of the week.

Article 3. The oil-production and natural-gas-production brigades are responsible for the fulfillment of the planned output of crude oil or gas, as the case may be, for which purpose:

- a) They provide for fulfillment of the output and supervise the continuous operation of the wells at the stipulated parameters; they collect and separate the crude oil and gas in the separating installations; they do work to increase the factor of recovery of crude oil and gas from the deposits,
- b) They do overhaul work on wells in production to keep them in working order;
- c) They accomplish on the stipulated dates the production-readiness of wells finished with drilling, as well as well repairs.

* The appendix is communicated to the institutions involved.

d) They do the mechanical-power maintenance on the equipment and installations on hand and provide for continuous operation at the stipulated parameters.

Article 4. The drilling brigade provides and is responsible for:

- a) The fulfillment of the planned volume of drilling as a whole and according to assortments;
- b) The performance of the entire well-sinking process, with a view to attaining the geological and production objectives;
- c) The application of modern technologies for increasing work rates;
- d) The rational operation of the installations and their maintenance in permanent working order.

Article 5. The oil-production, natural-gas-production and drilling brigades work on the overall contract system; the remuneration of all worker personnel of the brigades is done in direct relation to the degree of fulfillment of the plan for the physical output of extracted crude oil, usable gas, gasoline, ethane or meters drilled, as the case may be, without any limitation, on the condition of keeping within the level of planned expenses.

Article 6. On the date of 1 April 1983, the oil-production fields, the natural-gas-production fields and the drilling fields given in Appendix 2 are set up, having the name, the headquarters, the subordination, the object of activity and the branch group given in the same appendix.

The fields are set up through the reorganization of the crude-oil-extraction fields, the drilling fields and the Medias Methane Gas Extraction Enterprise, which is disbanded.

Article 7. The oil-production fields, the natural-gas-production fields and the drilling fields operate on the basis of worker self-management and economic and financial self-administration, with a legal character, in conformity with the legal provisions on the organization and management of the socialist state units, are plan titulars and are responsible for the fulfillment of all plan indicators.

The plan indicators for the oil-production fields, the natural-gas-production fields and the drilling fields are set by the Ministry of Petroleum, together with the drilling and extraction trusts. The reporting of the fulfillment of the plan targets is done to the ministry and the drilling and extraction trusts to which they belong.

Article 8. The oil-production fields and the natural-gas-production fields are organized according to three types and have the organizational structures given in appendices 3,* 4* and 5,* and the drilling fields are organized according to two types and have the organizational structures given in appendices 6* and 7.*

* The appendices are communicated to the institutions involved.

The assignment of the fields to organizational types is done by the Ministry of Petroleum, in accordance with the criteria in Appendix 8.*

Article 9. The oil-production fields, the natural-gas-production fields and the drilling fields are assigned, on founding, to organizational grades as follows: grade I, the fields of the big type; grade II, those of the middle-sized type; and grade III, those of the small type.

Article 10. On 1 April 1983, the petroleum trusts and the enterprises given in Appendix 9 are reorganized, having the name, the headquarters and the object of activity given in the same appendix.

Article 11. The drilling and extraction trusts are plan titulars for the economic activity that they perform and are organized and operate as enterprises, on the basis of worker self-leadership and economic and financial self-administration, with a legal character, in conformity with the legal standards on the organization and management of the socialist state units, having the organizational structure given in Appendix 10.*

Article 12. The drilling and extraction trusts have under them or in their composition the oil-production fields, the natural-gas-production fields, the drilling fields, and units without a legal character, groups of petroleum construction and assembly sites, bases of shops for repairs and reconditioning of tubular material, supply bases, school units or, as the case may be, oil-production and drilling brigades.

Article 13. On the date of 1 April 1983, the Ploiesti Trust for Petroleum Constructions and Installations changes its name to "the Ploiesti Trust for Special Petroleum Constructions," having as an object of activity: the construction and assembly of special petroleum installations and facilities of particular importance, electric-power installation and automation in petroleum and gas, the construction of main passages and pipelines for petroleum and gas, the performance of petroleum construction and assembly work abroad, designs and services in connection with these activities.

Article 14. The Cimpina "Energopetrol" Enterprise, subordinate to the Ministry of Petroleum, is organized as a unit without a juridical personality within the Ploiesti Trust for Special Petroleum Constructions and preserves its organizational structure possessed on the date of the present decree.

Article 15. On the date of 1 April 1983, the following are set up:

a) The Medias Machine Enterprise for Methane Gas, with headquarters in the municipality of Medias, Sibiu County, under the Medias Methane Gas Central, having as an object of activity: assembly of and repairs on petroleum equipment, gas-burning and -regulating equipment and mechanization and automation elements for the oil- and gas-extraction industry and for gas distribution; the making of spare parts for these implements and pieces of equipment; the technological design for prototypes and self-equipping,

* The appendices are communicated to the institutions involved.

technical assistance and the providing of service activity for specialized products, and services in connection with its object of activity;

b) The Gaesti Machine Enterprise for Petroleum, with headquarters in the city of Gaesti, Dimbovita County, under the Ministry of Petroleum, having as an object of activity: assembly of and repairs on petroleum equipment, spare parts and apparatus specific to the oil- and gas-extraction industry, technological-design service activity, and services in connection with these activities.

The enterprises are founded through the reorganization of the Medias Mechanical Plant for Methane Gas and the Gaesti Plant for Products for Construction and are assigned to organizational grade III, branch group III.

Article 16. The enterprises founded in accordance with Article 15 operate on the basis of worker self-leadership and economic and financial self-administration, with a juridical personality, in conformity with the legal standards on the organization and operation of the socialist state units.

The workers in the enterprises founded in accordance with Article 15 will be paid on the basis of the machine-building-A rate system, differentiated for piecework and overhead work, in accordance with Law No 57/1974 on Payment According to the Quantity and Quality of Labor.

Article 17. The Baicoi Supply, Material-Recovery and Auxiliary-Fabrication Base, subordinate to the Ministry of Petroleum, is organized into the Floresti Base for Supply for Petroleum and Material Recovery, with headquarters in the commune of Floresti, Prahova County, under the Ministry of Petroleum, having as an object of activity: the technical-material supplying of the oil and gas units with materials and products specific to drilling and extraction activity, in less than carload quantities for a consumer; recovery and reconditioning of tubular material and other materials in the oil and gas industry. Through its subunits the base acts as a warehouse for the units subordinate to the Ministry of Petroleum that it serves.

The Floresti Base for Supply for Petroleum and Material Recovery is assigned to organizational grade I, branch group V, and has the organizational structure given in Appendix 11.*

Article 18. The list of documentary information units given in Appendix 3 to Article 3 of Decree No 138/1974 on the Setting of the Uniform Structural Standards for the Documentary Information Units is supplemented with "the Office of Documentary Information for Petroleum and Gas," subordinate to the Ministry of Petroleum.

Article 19. The appendices for the extraction industry to Decree No 162/1973 on the Setting of the Uniform Structural Standards for the Economic Units are amended and supplemented in accordance with the provisions of Appendix 12.*

* The appendices are communicated to the institutions involved.

Article 20. The assignment of the units within the trusts, fields and enterprises reorganized or founded in 1983 to organizational grades is that given in Appendix 13.*

Article 21. The provisions in Article 2, Appendix 1 to Decree No 232/1982 on the Modification of the Production and Delivery Prices in Industry, the Rates in Transportation and the Estimated Prices for Construction-Assembly Activity, referring to the petroleum trusts also apply to the oil-production fields and the natural-gas-production fields.

Article 22. The oil-production fields, the gas-production fields and the drilling fields can perform financial and banking operations at the branches and suboffices of the financing banks closest to the headquarters of the fields, regardless of the central body to which the respective suboffices or branches belong.

Article 23. The oil-production fields, the natural-gas-production fields, the drilling fields, the site groups and the enterprises newly founded and assigned to organizational grade I are equipped with one automobile each meant for the transportation of persons on official business, there being supplemented Appendix 1 to Decree No 277/1979 on Some Measures for the Rationalization of the Consumption of Liquid Fuel and the Economical Administration of the Fleet of Motor Vehicles.

The additional equipping of the oil-production brigades, the natural-gas-production brigades, the drilling brigades, the oil-production fields, the natural-gas-production fields and the drilling fields with 285 freight-carrying motor vehicles below 1.5 tons of capacity, 25 minibuses, 1 automobile for service activity and 25 automobiles for overhaul activity is approved, there being supplemented accordingly appendices 9, 10 and 11 to Decree No 277/1979 and Appendix VIII to Decree No 377/1979 on Some Measures for Concentrating the Automotive Fleet for Local or One's Own Use in the Inventory of the Socialist Units.

Article 24. The assets and liabilities established on the basis of the balance sheets concluded on the date of 31 March 1983, together with the economic and financial plan indicators, with the concluded contracts from the units that are reorganized, pass to the units given in articles 6, 10, 14 and 15.

The worker personnel who move to the units that are set up or reorganized in accordance with the provisions of the present decree are considered transferred for the sake of service.

Article 25. The State Planning Committee and the Ministry of Finance will submit for approval the changes that result from the application of the present decree in the plan and in the structure of the income and expense budget, with observance of the economic and financial plan indicators approved for 1983 for the Ministry of Petroleum.

* The appendix is communicated to the institutions involved.

Article 26. Paragraph 1 of Article 11 of Decree No 270/1981 on the Organization and Operation of the Ministry of Petroleum is amended and will have the following content:

"The Ministry of Petroleum has the following organizational structure:

- a) The Directorate for the Economic Plan and Finances;
- b) The Technical and Investment Directorate;
- c) The Mechanical-Power Directorate;
- d) The Directorate for Organization, Control, Personnel and Education;
- e) The Directorate for Coordination of Crude-Oil and Gas Production;
- f) The Directorate for Drilling and Geology;
- g) The Directorate for Supply and Cooperation."

Appendices 1, 2 and 3 to Decree No 270/1981 are amended and are replaced with appendices 14,* 15* and 16 to the present decree.

Article 27. The provisions of Decree No 367/1980 on Some Measures for the Rational Utilization of Personnel in the Socialist Units, whose application was extended by means of Decree No 462/1982, do not apply in 1983 to the posts in the units subordinate to the Ministry of Petroleum and to the posts in the ministry's apparatus.

Article 28. The worker personnel transferred for the sake of service or moved in the same unit to positions with lower pay levels, as a result of the application of the present decree, have for a period of 3 months after the date of transfer or movement to such positions the right to the base pay possessed, in accordance with the provisions of Article 21 of Decree No 162/1973. The difference in pay is borne by the unit at which the personnel will be employed.

Article 29. Appendices 1 and 2 to Decision No 367/1973 of the Council of Ministers on Some Measures for Reorganizing the Industrial Centrals, the Units Like Them, and State Enterprises are amended in accordance with the present decree.

Article 30. Appendices 1-16 are an integral part of the present decree.

Nicolae Ceausescu,
Chairman
of the Socialist Republic of Romania

Bucharest, 13 May 1983.

No 171.

* The appendices are communicated to the institutions involved.

Appendix 2

Oil-Production Fields, Natural-Gas-Production Fields and Drilling
Fields Set Up

Num- ber	Name of Field	Headquarters		Unit to Which It Is Subordinate	Object of Activity	Branch Group
		Locality	County			
1.	Poeni Oil-Pro- duction Field	commune of Poeni	Teleorman	Bolintin Drilling and Extrac- tion Trust	Research on and ratio- nal exploitation of crude-oil and gas de- posits, crude-oil and gas extraction, growth of the degree of recov- ery of crude oil from deposits, gasoline and ethane production; the putting of wells into production and capital repairs on them, main- tenance and repair of equipment and installa- tions on hand.	III
2.	Videle Oil-Pro- duction Field	city of Videle	Teleorman	Bolintin Drilling and Extrac- tion Trust	Idem	III
3.	Clejani Oil-Pro- duction Field	commune of Clejani	Giurgiu	Bolintin Drilling and Extrac- tion Trust	Idem	III
4.	Titu Oil-Pro- duction Field	city of Titu	Dimbovita	Bolintin Drilling and Extrac- tion Trust	Idem	III
5.	Braila Oil-Pro- duction Field	municipi- pality of Braila	Braila	Bolintin Drilling and Extrac- tion Trust	Idem	III
6.	Craiova Oil-Pro- duction Field	municipi- pality of Craiova	Dolj	Tirgu Jiu Drilling and Extrac- tion Trust	Idem	III

7.	Ticleni Oil-Pro- duction Field	city of Ticleni	Gorj	Tirgu Jiu Drilling and Extrac- tion Trust	Idem	III
8.	Stoina Oil-Pro- duction Field	commune of Stoina	Gorj	Tirgu Jiu Drilling and Extrac- tion Trust	Idem	III
9.	Sandra Oil-Pro- duction Field	commune of Biled	Timis	Arad Dril- ling and Extraction Trust	Idem	III
10.	Suplacu de Barcau Oil-Pro- duction Field	commune of Suplacu de Barcau	Bihor	Arad Dril- ling and Extraction Trust	Idem	III
11.	Pecica Oil-Pro- duction Field	commune of Pecica	Arad	Arad Dril- ling and Extraction Trust	Idem	III
12.	Nosoara Oil-Pro- duction Field	commune of Poiana Lacului	Arges	Pitesti Drilling and Extrac- tion Trust	Idem	III
13.	Ciuresti Oil-Pro- duction Field	commune of Potcoava	Olt	Pitesti Drilling and Extrac- tion Trust	Idem	III
14.	Dragasani Oil-Pro- duction Field	city of Dragasani	Vilcea	Pitesti Drilling and Extrac- tion Trust	Idem	III
15.	Gaesti Oil-Pro- duction Field	commune of Valea Mare	Dimbovita	Pitesti Drilling and Extrac- tion Trust	Idem	III
16.	Balcoi Oil-Pro- duction Field	city of Balcoi	Prahova	Boldesti Drilling and Extrac- tion Trust	Idem	III

17.	Boldesti Oil-Pro- duction Field	city of Boldesti- Scaeni	Prahova	Boldesti Drilling and Extrac- tion Trust	Idem	III
18.	Berca Oil-Pro- duction Field	commune of Berca	Buzau	Boldesti Drilling and Extrac- tion Trust	Idem	III
19.	Viforita Oil-Pro- duction Field	commune of Aninoasa, municipal- ity of Tirgoviste	Dimbovita	Boldesti Drilling and Extrac- tion Trust	Idem	III
20.	Moreni Oil-Pro- duction Field	city of Moreni	Dimbovita	Boldesti Drilling and Extrac- tion Trust	Idem	III
21.	Zemes Oil-Pro- duction Field	commune of Zemes	Bacau	Moinesti Drilling and Extrac- tion Trust	Idem	III
22.	Modirzau Oil-Pro- duction Field	commune of Zemes	Bacau	Moinesti Drilling and Extrac- tion Trust	Idem	III
23.	Comanesti Oil-Pro- duction Field	city of Comanesti	Bacau	Moinesti Drilling and Extrac- tion Trust	Idem	III
24.	Medias Natural- Gas-Pro- duction Field	municipi- pality of Medias	Sibiu	Medias Methane Gas Central	Rational exploitation of natural-gas depos- its, gas extraction, growth of the degree of recovery of gas from deposits, the putting of wells into production and capital repairs on them, main- tenance and repair of equipment and instal- lations on hand.	III

25.	Tirgu Mures Natural-Gas-Production Field	municipality of Tirgu Mures	Mures	Medias Methane Gas Central	Idem	III
26.	Ploiesti Natural-Gas-Production Field	municipality of Ploiesti	Prahova	Medias Methane Gas Central	Idem	III
27.	Turburea Gas-Production Field	commune of Turburea	Gorj	Tirgu Jiu Drilling and Extraction Trust	Idem	III
28.	Medias Drilling Field	municipality of Medias	Sibiu	Medias Methane Gas Central	The drilling of geological-research, production and injection wells, the assembly of drilling rigs and outbuildings, maintenance and repair of equipment and installations on hand.	II
29.	Tirgu Mures Drilling Field	municipality of Tirgu Mures	Mures	Medias Methane Gas Central	Idem	II
30.	Ianca Drilling Field	commune of Ianca	Braila	Bolintin Drilling and Extraction Trust	Idem	II
31.	Balaria Drilling Field	commune of Clejani	Giurgiu	Bolintin Drilling and Extraction Trust	Idem	II
32.	Chitila Drilling Field	municipality of Bucharest	-	Bolintin Drilling and Extraction Trust	Idem	II
33.	Carbunesti Drilling Field	city of Tirgu Carbunesti	Gorj	Tirgu Jiu Drilling and Extraction Trust	Idem	II

34.	Stoina Drilling Field	commune of Stoina	Gorj	Tirgu Jiu Drilling and Extrac- tion Trust	Idem	II
35.	Melinesti Drilling Field	commune of Melinesti	Dolj	Tirgu Jiu Drilling and Extrac- tion Trust	Idem	II
36.	Zadareni Drilling Field	commune of Felnac	Arad	Arad Drill- ing and Extraction Trust	Idem	II
37.	Oradea Drilling Field	municipi- pality of Oradea	Bihor	Arad Drill- ing and Extraction Trust	Idem	II
38.	Bascov Drilling Field	commune of Bascov, municipi- pality of Pitesti	Arges	Pitesti Drilling and Extrac- tion Trust	Idem	II
39.	Rimnicu Vilcea Drilling Field	municipi- pality of Rimnicu Vilcea	Vilcea	Pitesti Drilling and Extrac- tion Trust	Idem	II
40.	Liliesti Drilling Field	city of Balcoi	Prahova	Boldesti Drilling and Extrac- tion Trust	Idem	II
41.	Scaeni Drilling Field	city of Boldesti- Scaeni	Prahova	Boldesti Drilling and Extrac- tion Trust	Idem	II
42.	Moreni Drilling Field	city of Moreni	Dimbovita	Boldesti Drilling and Extrac- tion Trust	Idem	II
43.	Zemes Drilling Field	commune of Zemes	Bacau	Moinesti Drilling and Extrac- tion Trust	Idem	II

44.	Comanesti Drilling Field	city of Comanesti	Bacau	Moihesti Drilling and Extrac- tion Trust	Idem	II
45.	Tirgu Ocna Drilling Field	city of Tirgu Ocna	Bacau	Moinesti Drilling and Extrac- tion Trust	Idem	II
46.	Ghelinta Drilling Field	commune of Ghelinta	Covasna	Moinesti Drilling and Extrac- tion Trust	Idem	II

Appendix 9

The List of the Trusts and Enterprises That Are Reorganized

Num- ber	Old Name	<u>Old Headquarters</u>		<u>New Name</u>	<u>New Headquarters</u>		<u>Objectiof Activity</u>
		<u>Locality</u>	<u>County</u>		<u>Locality</u>	<u>County</u>	
1.	Bolintin Petro- leum Trust	commune of Bolintin- Vale	Giurgiu	Bolintin Drilling of and Ex- traction Trust	commune Bolintin- Vale	Giurgiu	Specialized technical assistance on fields that it coordinates for geological re- search and exploita- tion of crude-oil and gas deposits, com- plete fulfillment of the physical output, the application of modern drilling and extraction technolo- gies, the checking of the progress of the drilling and extrac- tion activity, the observance of techno- logical rules, the following of the ful- fillment of the out- put and all indica- tors according to fields and in the trust as a whole; it provides for the preparation and fol- lows the implementa- tion of the programs

for increasing the degree of recovery of crude oil from deposits, approves at the level of the jurisdictions set by law for the industrial centrals the investment documentation for fields under its coordination, performs with its own forces construction-assembly work connected with fields that it coordinates.

- | | | | | | | | |
|----|---|---------------------------|---------|---|---------------------------|---------|------|
| 2. | Tirgu Jiu Petroleum Trust | municipality of Tirgu Jiu | Gorj | Tirgu Jiu Drilling and Extraction Trust | municipality of Tirgu Jiu | Gorj | Idem |
| 3. | Arad Drilling and Extraction Trust (Enterprise) | municipality of Arad | Arad | Arad Drilling and Extraction Trust | municipality of Arad | Arad | Idem |
| 4. | Pitesti Petroleum Trust | municipality of Pitesti | Arges | Pitesti Drilling and Extraction Trust | municipality of Pitesti | Arges | Idem |
| 5. | Ploiesti Petroleum Trust | municipality of Ploiesti | Prahova | Boldesti Drilling and Extraction Trust | city of Boldesti-Scaeni | Prahova | Idem |
| 6. | Moinesti Petroleum Trust | city of Moinesti | Bacau | Moinesti Drilling and Extraction Trust | city of Moinesti | Bacau | Idem |

- | | | | | | |
|----|--|---------|--|---------|--|
| 7. | Ploiesti municipality of Ploiesti | Prahova | Ploiesti municipality of Ploiesti | Prahova | The production of additives and materials for drilling fluids, cementation and special operations on wells, the performance of heavy technological transportation, repairs on tools and devices, repairs on equipment and means of heavy transportation on hand, services in connection with these activities. |
| | Enterprise for Cementation and Special Operations and Transportation | | Enterprise for Drilling Fluids and Special Petroleum Operations | | |
| 8. | Cimpina city of Cimpina | Prahova | Cimpina city of Cimpina | Prahova | The repairing of motors, transformers, gear, electrical equipment and apparatus for measurement and control, automation and radio communication, assembly of prefabricated electrical equipment for power, distribution, automation and radio communication; the repairing and making of drilling and extraction tools. It performs the service, research and design activity in connection with these activities. |
| | Enterprise for Repairs on Electrical Equipment | | Enterprise for Repairs on Electrical Equipment, Automation and Radio Communication | | |
| 9. | Poiana commune of Poiana, Cimpina, city of Cimpina | Prahova | Poiana commune of Poiana, Cimpina, city of Cimpina | Prahova | Assembly of petroleum equipment and measurement and control apparatus specific to the oil industry, spare parts, capital repairs on caterpillar tractors with over 80 horsepower with or without bulldozer equipment, heavy |
| | Enterprise for Repairs on Tractors and Heavy Motors | | Enterprise for Repairs on Heavy Motors and Petroleum Installations | | |

industrial heat engines with over 80 horsepower, service, research and design activity in connection with these activities.

Appendix 16

The List of the Units Directly Subordinate to the Ministry of Petroleum

I. Industrial Centrals and Units Like Them

Medias Methane Gas Central

Medias Drilling Field
Tirgu Mures Drilling Field
Medias Natural-Gas-Production Field
Tirgu Mures Natural-Gas-Production Field
Ploiesti Natural-Gas-Production Field
Medias Enterprise for Exploitation of Main Pipelines for Methane Gas
Bucharest Enterprise for Natural-Gas-Distribution Networks and Installations
Tirgu Mures Enterprise for Natural-Gas-Distribution Networks and Installations
Brasov Enterprise for Installation of Main Pipelines
Medias Machine Enterprise for Methane Gas

II. Scientific-Research, Technological-Engineering and Design Units

Cimpina Research and Design Institute for Petroleum and Gas

III. Other Units

1. Bolintin Drilling and Extraction Trust

Ianca Drilling Field
Balaria Drilling Field
Chitila Drilling Field
Poeni Oil-Production Field
Videle Oil-Production Field
Clejani Oil-Production Field
Titu Oil-Production Field
Braila Oil-Production Field

2. Tirgu Jiu Drilling and Extraction Trust

Carbunesti Drilling Field
Stoina Drilling Field
Melinesti Drilling Field
Craiova Oil-Production Field

Ticleni Oil-Production Field
Stoina Oil-Production Field
Turburea Oil-Production Field

3. Arad Drilling and Extraction Trust

Zadareni Drilling Field
Oradea Drilling Field
Suplacu de Barcau Oil-Production Field
Pecica Oil-Production Field
Sandra Oil-Production Field

4. Pitesti Drilling and Extraction Trust

Bascov Drilling Field
Rimnicu Vilcea Drilling Field
Mosoaia Oil-Production Field
Ciuresti Oil-Production Field
Dragasani Oil-Production Field
Gaesti Oil-Production Field

5. Boldesti Drilling and Extraction Trust

Liliesti Drilling Field
Scaeni Drilling Field
Moreni Drilling Field
Viforita Oil-Production Field
Moreni Oil-Production Field
Baicoi Oil-Production Field
Boldesti Oil-Production Field
Berca Oil-Production Field

6. Moinești Drilling and Extraction Field

Zemes Drilling Field
Comanesti Drilling Field
Tirgu Ocna Drilling Field
Chelinta Drilling Field
Zemes Oil-Production Field
Kodirzau Oil-Production Field
Comanesti Oil-Production Field

7. Constanta "Petromar" Enterprise for Drilling and Operation of Sea Wells

8. Teleajen Enterprise for Petroleum Equipment and Repairs

9. Gaesti Machine Enterprise for Petroleum

10. Poiana Enterprise for Repairs on Heavy Motors and Petroleum Installations

11. Cimpina Enterprise for Repairs on Electrical Equipment, Automation and
Radio Communication

12. Ploiesti Trust for Special Petroleum Constructions
13. Ploiesti Coring and Boring Enterprise
14. Ploiesti Enterprise for Drilling Fluids and Special Petroleum Operations
15. Ploiesti Enterprise for Transportation of Crude Oil in Pipelines
16. Floresti Base for Supply for Petroleum and Material Recovery
17. Cimpina Base for Supply of Spare Parts
18. "Rompetrol" Enterprise for Economic Cooperation with Foreign Countries in the Field of Petroleum and Gas
19. Bucharest Center for Computation and Auxiliary Work
20. Ploiesti National Petroleum Museum
21. Office of Documentary Information
22. Medias Industrial Secondary School for Petroleum
23. Arad Industrial Secondary School for Petroleum
24. Marghita Industrial Secondary School for Petroleum
25. Sinnicolau Mare Industrial Secondary School for Petroleum
26. Melinesti Industrial Secondary School for Petroleum
27. Ticleni Industrial Secondary School for Petroleum
28. Pitesti Industrial Secondary School for Petroleum
29. Moreni Industrial Secondary School for Petroleum
30. Tirgoviste Industrial Secondary School for Petroleum
31. Berca Industrial Secondary School for Petroleum
32. Cimpina Industrial Secondary School for Petroleum
33. Teleajen Industrial Secondary School for Petroleum
34. Ianca Industrial Secondary School for Petroleum
35. Bolintin-Vale Industrial Secondary School for Petroleum
36. Videle Industrial Secondary School for Petroleum

- 37. Moinesti Industrial Secondary School for Petroleum
- 38. Tirgu Ocna Industrial Secondary School for Petroleum
- 39. Tirgu Secuiesc Industrial Secondary School for Petroleum
- 40. Constanta Industrial Secondary School for Petroleum

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CS0: 2700/255

BOSNIA-HERCEGOVINA ENERGY PLAN TO 1990 DISCUSSED

Sarajevo OSLOBODJENJE in Serbo-Croatian 9 Jul 83 p 3

[Text] Several questions relevant to the balancing of demands for electrical energy, construction of electric, and acquiring up to 1990, long-term financial sources, have been discussed at yesterday's conference of the SR Bosnia and Hercegovina Assembly's Executive Council, chaired by the council's president Seid Maglajlija.

The council supported the Electroenergy Balance Sheet, that also contained the Financial Resources Balance Sheet, and the Program for the construction of electric utility installations, for the period of 1983 to 1990, for which, because of its particular social impact, the Assembly of Bosnia Hercegovina had to give consent; and by which a development of electrical energy consumption, generation, and development of electric facilities in the republic, in the period until 1990, is considered. This document anticipates an increase in electrical energy consumption by 5,963 GWh, with an average yearly rate of increase of 7.2 percent, so that the total consumption of electrical energy in Bosnia-Hercegovina in 1990 will amount to 15,178 GWh.

Considering that the faster development of the republic depends on further increases in electric power facilities, the program anticipates construction of new generating plants, with a total installed power of 1,704 MW, which will ensure the production of 6,700 GWh of electric energy. The decisions have already been made to build the hydroelectric plant Visegrad and thermoelectric plants Uglevick II and Tuzla B.

Along with the building of new power plants, there is an urgent need to reconstruct worn down facilities, built 20 years ago; to construct smaller multipurpose hydroelectric plants; to speed-up the preparations for the construction of a nuclear power plant; and to build new generating facilities to meet the needs of other republics and provinces, based on mutual investments and use of these facilities, and the further development of transmission lines and distribution networks.

Large investment resources are necessary for the realization of the development of electric utilities. It is estimated that an investment of 96.2 billion dinars will be necessary based on prices from the end of last year for the new building, reconstruction, and additions to the existing generating

facilities, transmission and distribution installations, construction of the communication system, and completion of the necessary studies.

In order to increase the efficiency of the investments in electric utility installations, acquiring such voluminous resources anticipates a need for strong development, and implementation of a stable financing system, and stable long-term financial sources, which the Executive Council has already approved, based on the changes in the midterm development program for construction of electric utilities installations and long-term economic stabilization, within the framework of the inter-republic discussions concerning the financing systems of that construction program.

First, the new system of financing, objectively imposes a need to strengthen the reproductive capabilities of the electric utility organizations, and assure their participation at a rate of 20 percent in the financing of the projects. A second part of the necessary financing, 42 percent, should come from associating the resources of the electric energy users, and other parties interested in their construction, which should be developed based on realized earnings. A considerable portion in financing of planned facilities, is expected to come from domestic bank credits (12 percent), the Federation Fund resources (10 percent), and foreign financial and merchandise credits (16 percent).

Up to now 32 percent of the planned resources for financing of the electric utility facilities, have been secured through already concluded self-management agreements, specifying associating, management and use of resources for improvements and broadening of the material base of the associated labor for the period from 1983 to 1990, and through the Self-management Agreement for associating of banking resources for financing, for the same period, electric utility facilities in Bosnia-Herzegovina.

However, because the users of electric energy are late and not always willing to conclude the agreements that secure resources, and only a small number of them have accepted it, the council decided that the deadline for conclusion of this agreement should be extended. Along with that, recommendations for changes and additions in the law specifying compulsory associating of part of the financial resources, for the financing of electric utility capacities, for the period from 1983 to 1985, will be absolutely necessary.

The recommended sources of financing should be used for the completion of objects under construction, the start of projects that are approved, and the construction of the interim projects that will provide a timely supply of needed quantities of electricity to users.

In order to improve the efficiency of construction projects and reduce the time for projects' realization and production startup, the council emphasized a need for better organization of the BOAW Elektroprivreda.

The council, supporting the program for construction of electric utility facilities, concluded that it is based on a wide social strategy for the

long-term development of the energy base, and more importantly, that the construction of such facilities is based on domestic resources of water and coal potentials, maximum possible use of domestic equipment, associating of work and resources of electric energy producers and users, and other measures that ensure conditions for the successful development of these capacities and a stable supply of electric energy to consumers.

Together with these questions, the council discussed the results of payments and the use of associated social reproduction funds for the financing of electric utility construction during last year, and gave its consent to the Self-management Agreement on the criteria and rules for the determination of a fee, that electricity users must pay at the time of their connection to the electric utility facilities or at the time of the increase in users installed power. For the coordinated development of all sectors of electric utility industry, funds realized by the fee payment, will be allocated equally for the building and reconstruction of production capacities, high voltage transmission lines and electricity distribution facilities.

Other important questions, such as: current results of workers personal contributions for acquiring housing that is social property, harvest realization, and the buy-up of rye and wheat from the 1983 harvest, activities of the inspectorate that controls, according to the FEC decision, the maximum levels of prices for goods and services, application of the law regulating the ownership of office buildings and spaces, the situation of worker's protection, and security of objects, facilities and equipment in the mines of Bosnia-Herzegovina, and the realization of import and export plans of the Republic's organizations of associated work, during the first 5 months of this year, were discussed at this conference, according to the announcement by the Information Committee of SRB&H.

9982

CSO: 2800/375

FARMING PROBLEMS, LAND TENURE, FOOD PRODUCTION DISCUSSED

Serbian Official Interviewed

Belgrade NEDELJNE INFORMATIVNE NOVINE in Serbo-Croatian No 1692, 5 Jun 83
pp 13-16

[Interview with Nikola Stanic, President of the Serbian Committee for Agriculture by Velizer Zecevic; date and place not specified]

[Text] Incorrect economic policies, hindering of agriculture and neglect of the village have led to the situation where the villagers are working against themselves and their interests: they are not increasing production and they are not selling wheat and corn. Here is the statement on that topic of Nikola Stanic, president of the Serbian Committee for Agriculture.

The unexpected heat of early May has given way to the surprising freshness of the first June days, and the prognoses for wheat and corn harvests change nearly every day. Yet with all the variations of general and special conditions, as Nikola Stanic, president of the republic Committee for Agriculture, says, things continue to be unfavorable. A little over a month ago, at the session of the Central Committee of the Serbian League of Communists on 18 April, Stanic said among other things: "If the present state of agriculture were judged according to what could have been done and was not done, if we pose the question as to what we should accomplish in the coming years, then we will have to say that we are not satisfied."

It could be said that general dissatisfaction with agriculture is just one paradox--although a key one--that illustrates the situation, relationships and travail in the countryside and the cities within the republic proper. For example, this year some 60,000 tons of wheat were imported, while Serbian peasants had fully one-third of last year's harvest still in their barns. It is said that they are dissatisfied with the price and are feeding wheat to their livestock.

Stanic says: "I don't believe that is true, at least not entirely. If the wheat is being used to feed livestock, what about the meat situation?"

To be honest, it is difficult to be convincing in trying to explain that, to tell NIN's readers precisely and definitely what could be the cause and the consequences of the paradoxical situation in agriculture. In any case, Stanic continued, the fact is that in the last decade, which was the period in which we spoke the most about the food situation, agriculture has lagged visibly. We have not succeeded in fulfilling the three basic objectives we assigned ourselves, the three main goals of agrarian policy: first, to produce enough food for our needs, second, to build up the necessary reserves to assure stability in commerce and third, to increase exports of agricultural commodities constantly.

[NIN] Yet there is constantly more food available, and in the city at least we don't complain, except about high costs, while we are inclined to forget the occasional shortages of cooking oil, sugar and a few other commodities quickly.

[Stanic] That is exactly the problem, and perhaps the main one: For decades we have been increasingly convinced that being supplied with agricultural commodities is one thing, while agricultural production is another. In the city, and I believe in the village as well, the notion has taken hold that supplying food to the city and to the village is the society's responsibility, while agricultural production is the peasant's domain. In Serbia proper more than in other republics, that can be taken in a nearly literal sense: The peasants have 94 percent of the tillable soil and 96 percent of the livestock, a fourth of the population is engaged in agriculture, yet in order to supply the cities, at times insufficiently, with foodstuffs, we have imported nearly all basic agricultural commodities: wheat, corn, sugar, cooking oil, milk and now even meat.

In a word, production is insufficient, but there must be food in city markets. Let's look at a few facts: In the last 5 years of the past decade (1976-1980), agriculture showed an annual increase in production of 2.1 percent, while on individual peasant holdings the increase was 1.4 percent. In the same period, food consumption increased by 3.5 percent per year. As a result not one of the three main objectives of agrarian policy of which we spoke were attained. We neither produced enough food for our needs, nor created reserves, nor increased our exports.

Peasants in the Open Air

[NIN] You speak of Serbia proper. Perhaps things are different, better, in other parts of the country, perhaps in Serbia there are no realistic conditions for greater stable agricultural production.

[Stanic] You are deceiving yourself if you think the hilly regions of Serbia proper do not have the natural potential for complete, comprehensive agricultural production. We have broad expanses of very fertile, level tillable soil that can provide high yields and produce enough grain and vegetables for the needs of the republic's population, with enough left over for export. We also have excellent conditions for animal husbandry. In fact, Serbia's farm workers have traditionally been herdsmen. There are also deep traditions of viniculture and wine production, to say nothing of fruits.

Thus we have suitable land, very favorable weather conditions and sufficient labor, although I will say something about the agricultural workers a little later. But that is not yet everything. The villages have enough, if not too much, mechanization, and this is very important. Some 130,000 tractors and 300,000 other agricultural machines are working the fields and villages of Serbia proper. The agricultural machine industry (for tractors, combines, etc.) is most developed precisely in our republic, and factory capacities for producing artificial fertilizers and means of plant protection should also be given their due. Finally (and perhaps I should have started here), the scientific institutes in our region have provided original strains of wheat and corn that on the basis of yields, hardiness and grain quality are among the best in the world. Recognized success has also come to institutes for developing fruits and vegetables.

And here is the answer to the first part of your question. The conditions for agricultural production are similar in other regions of the country; they are markedly better in Slavonia and Vojvodina. The results, however, are similar. Agricultural production in Yugoslavia in the same period [1976-1980] for all of Yugoslavia increased by 1.9 percent, and on individual peasant holdings, by 1.8 percent.

[NIN] What is lacking then?

[Stanić] We lack a few facilities for processing agricultural production, but they are being constructed. Thanks to the new sugar refineries at Shapo and Pozarevac, I think that by 1984 we will reach 200-220,000 tons of sugar annually, and sugar beet planting will extend to 30-35,000 hectares (compared to a total of 16,000 hectares this year and about 11,000 last year).

[NIN] And so everything is there, yet production is still insufficient. That reminds me of an anecdote by Vlada Bulatovic Vib: "When you look at it, it seems as though the peasants are in the country just for the clean air."

[Stanić] It would be neither wise nor logical to assert that the peasants do not want to work. They have their irrationalities, some atavistic fear of crises, poverty and debts, as well as senseless spending and occasionally an inherited resistance to authority and cooperation. But that is not the main thing. More important, it seems to me, are the errors and inconsistencies in agrarian policy, in the attitude toward the village and agriculture. It is not easy to list all the mistakes we have made, but I think I can say that our agrarian policy has established one set of basically good objectives, we have planned and spoken of one thing, while in practice something else was happening. Deep contradictions also accompanied the fundamental process of migration from the countryside, which has been going on for several decades now. Industry was built mainly at the expense of agriculture, while the peasants left the villages for the towns. As a result, even though in Serbia proper about 25 percent of the people live by agriculture, the structure of agricultural workers is unsatisfactory. Land cultivation is largely the domain of the elderly or of mixed households (where some family members work in industry while others till the land), or even of city working families (weekend farmers).

Here if we keep in mind that investments in agriculture have been both insufficient and ineffective, and that the "price scissors" have long been open to their detriment, I think that we can still identify two chief factors for agriculture's lagging: first, land policy (size of land holdings), and second, the nearly complete lack of organization among agricultural workers both in terms of production for the markets (e.g., purchase and contracts) and especially for special services to assist agricultural workers. There might as well have been no land policy, at least judging from the status now. Specialized and market organization, it seems to me, is currently at the lowest level since the war.

For a long time it was thought that all the problems in agriculture could be eliminated with higher prices. Now that has come to the end, and not much has been accomplished.

[NIN] You mentioned land holdings. Recently there has been a great deal of talk about small impractical holdings, and there has been mention of the possibility of increasing the land maximum.

[Stanic] Economically it is perfectly obvious that small holdings, both here in Yugoslavia and in the rest of the world, cannot advance agricultural development. The only exception in that regard is the Japanese, but they are an exception in everything. In countries with a market economy, along with "de-agrarianization" and the development of productive might, there has been a trend to larger land holdings. At the same time, the East European countries have achieved this large holding goal through collectivization.

What has happened here in Yugoslavia? Many peasants have left agriculture, but the size of land holdings has continued to decrease. In Serbia today, there are 18 million land parcels with 2 million owners. Thus the average farmer has nine parcels, which average 39 acres in size. From 1948 until last year, about 2 million people have left agriculture. When the overall increase in population is considered, we see that in the last three decades the number of non-agricultural inhabitants in Serbia has increased by 3.6 million.

Today in Serbia, and throughout the country, there are four categories of owners: full-time agricultural workers, peasant-workers of mixed households, and non-agricultural workers. On small holdings with small parcels everything is done in an irrational manner, with the borders in everyone's way. Some economists have calculated that one-third of the fuel consumed by agricultural machines is wasted on simple travel between parcels. The average peasant in Serbia has his average 3.5 hectares of land divided into 9 parcels that, in addition, are scattered all over the state.

Some serious change must be made there. If we do not, in 10-20 years agriculture in Serbia will become unable because of small holdings to fulfill its tasks in feeding the population and exporting food. There is no doubt about that.

[NIN] How can holdings become larger? Through natural and economic measures, or by some form of coercion?

[Stanić] Right now we are preparing some laws. I do not know what the final solution will be, but I think that it must start with consolidation. Somehow the agricultural workers must surrender their scattered parcels and make it possible to concentrate their holdings in one or at the most two places. That process will require a great deal of work and resources, but we cannot retreat from consolidation and unification (in the social sector).

At the session of the Serbian LC Central Committee devoted to agriculture I said as well that in agrarian policy we must give priority to better land use by establishing a minimum delivery to be met. In addition to that, we must be resolute in eliminating any possibility that land be uncultivated. It is also necessary to make a stand for land control systems to provide for flood prevention and irrigation.

What About the Maximum?

There is also consideration under way of steps to reduce the number of non-farmers who own land. It sounds almost unbelievable, but it is a fact that nearly a third of landowners in Serbia are not engaged in agriculture. I think that we must legally prevent the possibility of inheriting agricultural land by the non-agricultural population, and we must reduce the maximum holdings for people whose chief occupation is not agriculture.

It can freely be said that we have squandered the land. No account was made of the fact that the most fertile land should not be taken to build industrial facilities, roads, airports and, especially, weekend cottages, which have practically covered Serbia. Recently someone noted that Sumadija ["Forestland"] should be called "Weekendland." We have also allowed large tracts to remain uncultivated. Obviously, we cannot continue in this manner.

[NIN] What about the maximum? Is a holding of 10 hectares sufficient, can rational and economic production be established on it?

[Stanić] The prospects are undoubtedly better for larger holdings, primarily in the social sector and perhaps in the private sector as well. That will probably be on the agenda soon. Now in Serbia only about 6 percent of the agricultural workers hold the maximum amount of land allowed them, while many rent land from others. For now, we must think first of how the peasant can increase his existing holding from its average 3.5 hectares to, let's say, 10 hectares, and how he can cultivate that amount better and more effectively.

[NIN] You have said that specialized agricultural services hardly exist in the countryside, and that there are not even enough agricultural cooperatives. In that case, who provides the farmers with specialized and economic assistance?

[Stanić] It is true that there is not enough organized special assistance to farmers in cultivating the land or raising livestock. Recently at the Veterinary School in Belgrade, we reached an agreement for joint preparation of a developmental program for veterinary services. It will begin at the local

community level (in the farmer's yard), and in a scientific and specialized sense, its organization will extend all the way to the republic level.

Now we are working to organize something similar with the Agriculture School and its institutes.

Market organization and production contracts remain our great weakness. Market and commercial values in agriculture are only those that are agreed to and purchased. What is it worth that 1.4 million tons of wheat were produced in Serbia proper in 1982 if only about 500,000 tons were available for purchase.

That must be changed. A farmer has no life without the market, he is not there to produce just for his own supplies but for sale as well, and the market must without fail be well organized. Consumption by the non-agricultural population is increasing, and more food is constantly needed, and the need cannot be filled by importing on credit.

[NIN] Incidentally, what is the situation with exports of agricultural products from Serbia?

[Stanic] This year we are figuring on a surplus (in exports and imports of food) of about 100 million dollars. Meat exports will bring about 150 million, and fruits and vegetables another 120 million.

[NIN] So everything in agriculture is not so black?

[Stanic] The efforts made last year and this year for more rapid development of agriculture have given above-average results, compared to those in the economy in general. In all places, a positive process of change has begun in the previously unsatisfactory state of affairs. We are not, however, satisfied with the initial results because the positive changes have not attained either in intensity or in volume the required magnitudes, if we want social determinations to be transformed into practice and to realize those three basic objectives discussed previously.

Naturally, we should not even have to repeat that the village is no longer anything like it used to be. Village farming has changed fundamentally. Everything in the countryside is different, better, nicer.

Thanks to those great changes, the massive application of mechanization is cultivating the land and the improved living standard of the farmers, the difference between village and city life has gradually been eliminated. The traditional independence and self-reliance of the village landlord has, however, been lost. Today the farmer cannot cultivate the land without fuel, spare parts, pesticides, artificial fertilizers, etc. By these factors, the countryside is more closely tied to the social sector.

For these reasons, I think that we should not be afraid of increases in farm size, enrichment or any sort of "kulak" development in the villages. Those are some old tales, and neither the lessons nor the circumstances of those stories are valid any more today.

Food Marketing

Belgrade NEDELJNE INFORMATIVNE NOVINE in Serbo-Croatian No 1692, 5 Jun 83
pp 14, 15

[Article by Velibor Kosic]

[Text] In the total imports of agricultural and food products, which last year amounted to about 1.5 billion dollars, purchases of coffee, tropical fruits, cocoa, spices and cotton-products that are not grown in Yugoslavia--accounted for some 300 million dollars, or 23.5 percent of total imports. Imports of tropical produce will continue to rise.

Some wheat is still being imported, as well as edible oils, butter, etc. In the coming years, imports of these products should be completely eliminated. Great efforts are also being made to reduce imports of raw materials and semi-manufactured products. It is true that some of these expenditures cannot be avoided, but imports of such commodities as protein feed for livestock can be reduced significantly.

This year imports of agricultural and food products (not including cotton, wool, leather or rubber) will reach 1,372,000,000 dollars, according to estimates. In the import structure, semi-manufactured products account for 474 million dollars, protein livestock feed for 250 million, coffee, tropical fruits, cocoa and spices for about 300 million, edible oils and wheat for about 100 million each and other products for about 148 million dollars. With planned exports to total 1.5 billion dollars, a positive balance of 128 million dollars should result.

Three years ago, for the first time in its history Yugoslavia exported more than 1 billion dollars (to be precise, 1,023,000,000 dollars) worth of agricultural and food products. The next year, 1981, despite only a modest (1 percent) increase in production, agricultural exports totaled 1,157,000,000 dollars, and last year (with a production increase of fully 7 percent), those products brought in 1,200,000,000 dollars on foreign markets.

The first place in exports goes to livestock, meat and processed meat products. Last year those products brought 462 million dollars. Fruits and vegetables, including processed products, earned about 270 million, tobacco brought 129 million, wine 100 million, and grain and seeds about 152 million dollars.

Last year's exports of fruits and vegetables totaled more than the figure projected for 1985. Some products, especially berry fruits and fruit juices, have good prospects of further penetrating world markets. Yugoslav producers are striving to make maximum use of that circumstance. Tobacco exports have also been increased, despite strong competition from countries that export oriental tobaccos (Greece, Turkey and Bulgaria). Increased wine exports to European Common Market countries have resulted from a long-term program that makes possible continuing growth in exports, even though these countries

themselves are major wine producers. The program for exporting agricultural and food products for 1983 (calling for a total of 1.5 billion dollars in value) is greater by 25 percent than 1982 results. The greatest interest continues to be aimed at livestock, meat, fruits and vegetables, wines and other alcoholic beverages and, for the first time, significant amounts of corn.

This year grain exports should earn 200 million dollars. The largest portion will be about a million tons of corn, valued at 115 million dollars, which will be the largest export of corn from Yugoslavia ever. Seed corn that is sought in practically all parts of the world will bring about 52 million dollars. There are also good prospects for increasing exports of hops, which previously have been sold only in convertible currency markets. Now hops are to be exported to Hungary and the GDR as well.

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Aug 25, 1983